



**Solid Foundation,  
Stronger Growth.**

**SECOND ANNUAL REPORT 2016-17**



Mr. Venky Natarajan, Director of Veritas Finance and Managing Partner, Lok Capital presenting the best region award to the Trichy team at the Annual Business Meet

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## VISION STATEMENT

“To be recognized by our fairness, responsible approach, and service quality as the most admired company in the inclusive financing space by all stakeholders.”

## MISSION STATEMENT

“Make a difference and create positive impact in the lives of a million informal customers and micro, small and medium enterprises in India through sustainable financing solutions.”

## CORPORATE INFORMATION

### Board of Directors

M. Sivaraman  
N. Mohanraj Nair  
Venkatesh Natarajan  
D. Arulmany, MD & CEO

### Strategic Advisor

P. Surendra Pai

### Chief Operating Officer

J. Prakash Rayen

### Chief Financial Officer

V. G. Suchindran

### Bankers/ Lenders

AXIS Bank, Chennai  
HDFC Bank, Chennai  
ICICI Bank, Chennai  
RBL Bank, Chennai

### Non-Bank Lenders

A.K. Capital Finance Limited  
Capital First Limited  
Caspian Impact Investments  
Private Limited  
Housing Development Finance  
Corporation Limited  
Maanaveeya Development &  
Finance Private Limited  
MAS Financial Services Limited  
Micro Housing Finance  
Corporation Limited  
Reliance Commercial Finance  
Limited  
Sundaram Finance Limited

### Statutory Auditors

M/s BSR & Co. LLP,  
KMPG House, Chennai

### Tax Auditors

M/s. Ramanujam & Boovarahan,  
Chennai

### Internal Auditors

M/s Kumbhat & Co., Chennai

### Registered Office

2nd Floor, 'Economist House',  
S-15, Thiru-Vi-Ka Industrial  
Estate, Guindy,  
Chennai - 600032,  
Tamil Nadu, India.  
CIN: U65923TN2015PTC100328  
RBI Regn No: N-07.00810

### Registrar & Transfer Agent

Karvy Computershare Private  
Limited Karvy Selenium Tower,  
Plot No.31-32, Gachibowli,  
Financial District, Nanakramguda,  
Hyderabad – 500032.  
Telangana, India

### Contact Details

Phone: +91 44 4615 0011  
Email: [corporate@veritasfin.in](mailto:corporate@veritasfin.in)  
Website: <http://www.veritasfin.in>

## MESSAGE FROM STRATEGIC ADVISOR

I'm happy to see Veritas crossing Rs. 100 Crores disbursement mark in their first full year of operations. It sure is a significant milestone in a journey of a new company. I'm also happy that Veritas has built a strong team and an excellent distribution network and are looking at much stronger growth in the years to come. I'm also happy that Veritas has demonstrated the resilience during the difficult phases of demonetization that has already brought in a completely changed mindset and which in my mind, is expected to bring in the next wave of economic transformation.

The challenges as Veritas gears up to build scale now would therefore be more on profitability. Focus on building an organizational commitment and involvement to create a sustainable cost transformation. To embrace technology and improve processes. To view and review all costs as opportunities for creating additional shareholder value.

I'm confident the team would meet and exceed my expectations on this front.

I wish them all success.

## PROFILE OF STRATEGIC ADVISOR

Mr. P. Surendra Pai, a highly respected thought leader in business and marketing strategy, brings extensive experience and expertise from the Indian corporate sector to Veritas Finance. Mr. Pai was the Executive Chairman of the Murugappa Group from 2002-2006, contributing significantly to the group's growth and profitability. A visionary with high octane energy, he made every organization in the group to constantly break boundaries, innovate and execute. Under his sagacious stewardship, many diverse businesses of the group scaled new peaks and went on to become market leaders in their realm. Prior to this, he was Vice Chairman of Wipro group, in charge of CCLG businesses and part of the corporate board from 1997-2002.



**P. Surendra Pai**

Mr. Pai holds a Degree in Electrical Engineering from Mysore University and a Post Graduate Degree in Industrial Engineering from IIT, Madras

He is Strategic Advisor and Significant Investor in Veritas Finance.

## LETTER FROM MD & CEO

The financial year ended March 2017 represents our first full year of operations.

As we step into the second year, we look back with pride and look ahead with optimism.

- Rs.100 Crores disbursed to over 7500 customers.
- A portfolio which reaffirms our faith that financing the underserved informal segment not only leads to positive impact and improvement on the economic conditions of the people but also can be a sustainable and a commercially viable initiative.
- A vibrant team which is passionate, sensitive to the customer and stays focused on the tasks at hand.



D Arulmany

Whether it is the sales team which now originates more than one thousand and five hundred loans a month or the credit team which validates and approve them or the operations team which processes them, everyone have worked with a single objective of making Veritas a great organization. It is our team which has made disbursements of more than Rs.20 Crores a month possible in the very first year. It is our team that has made borrowing of nearly Rs.100 Crores from more than ten lenders a reality even before we completed one full year of operations. It is our team that has ensured we stretch ourselves well beyond normal working hours to constantly improve the turnaround time. It is our team which has ensured that we select the right customer and kept the portfolio quality intact.

The year went by also could be termed as an year that ushered in significant changes in the financial services industry, which augurs well for the companies dealing in the underserved informal segment. We saw many of the small finance banks setting up their operations and gearing up for innovative financial offerings. Demonetization is expected to further accelerate the speed of digitization initiatives. GST, another disruptive initiative, with far reaching implications, could bring in lot more transparency and leave a long lasting positive impact on the businesses of many of the micro enterprises we deal with.

All in all, while the environment is turning conducive as we plan to take a giant leap forward we believe that the key lies in flawless execution. Constant focus on improving efficiencies in our origination, processing and delivery systems, with a keen eye on credit quality and operating costs as we expand our footprint to other parts of our country becomes extremely critical.

Therefore, for the year ahead, we are determined to keep our focus, on profitability while building scale, on cost while expanding size and on efficiency while building capacity.

I would like to place on record my thanks to our board of directors, every member of our management team and all employees who have been an integral part of the exciting journey so far and our investors, Mr. P. Surendra Pai, Sarva Capital and Caspian for their continuing faith in our ability to execute our plans and also the RBI for its continued support. And finally and most importantly thank all our customers who have actually helped us transform Veritas from a mere idea to a vibrant organization.

A handwritten signature in black ink, appearing to read 'D Arulmany', written over a red line.

D Arulmany



## PROFILE OF DIRECTORS



**M. Sivaraman**  
Independent Director

**Mr. M. Sivaraman** is an Independent Director of Veritas Finance. He is the former Managing Director of GIC Housing Finance Ltd. and a veteran in the financial services with more than three decades of experience spreading across Corporate Finance, Accounting and Secretarial functions.

He is a Fellow Chartered Accountant (FCA) and a Company Secretary (ACS) by profession. He is also a FIII (Fellow Member of the Federation of Insurance Institutes in India).

**Mr. N. Mohan Raj** is an Independent Director of Veritas Finance. He is the former Director & Chief Executive Officer of LIC Nomura Mutual Fund and Executive Director of Life Insurance Corporation. He is a seasoned professional with rich experience spanning over three decades in financial services cutting across insurance, mutual fund and investments.

As a Nominee of LIC, he served on Boards of many companies including Punjab Tractors Ltd, HEG, Larsen & Toubro, Grasim Industries Ltd and Venture Funds like UTI VF, India Value Fund and IDFC Fund.

He holds a Masters in Economics from Loyola College, Chennai.



**N. Mohanraj**  
Independent Director



**Venkatesh Natarajan**  
Nominee Director

**Mr. Venkatesh Natarajan** is the Nominee Director of Sarva Capital LLC, Mauritius. He is the Managing Partner of Lok Advisory Services and has been involved in microfinance and impact investing for 10+ years. He serves as a director on the boards of many small finance banks like including Ujjivan and Suryoday Microfinance.

He holds an MBA from Cornell University and an M.S. in Electrical Engineering from Arizona State in Tempe.

**Mr. D.Arulmany**, is the Managing Director & CEO of Veritas Finance. He has more than two decades of experience most of which is in the financial services industry. Before starting Veritas, he was associated with Aptus Value Housing Finance as President & CEO since inception.

Arul has done his Post Graduate program in Management from IRMA, Anand and his graduation in Bachelor of Business Administration (BBA) with Madurai Kamaraj University. He has also done his GMP from University of Michigan.



**D. Arulmany**  
MD & CEO



## PROFILE OF SENIOR MANAGEMENT TEAM



**J. Prakash Rayen**  
Chief Operating Officer

**J. Prakash Rayen** is the Chief Operating Officer at Veritas Finance. He has over 20 years of experience in the BFSI segment, spearheading the Technology initiatives of the retail assets division across organizations like DCB Bank, Cholamandalam etc.

Prior to Veritas, he was at Aptus Value Housing, where he had been responsible for setting up the entire IT platform of the organization from scratch, identifying and putting in place right solutions for the lending product and managing the technological challenges coinciding with the growth of the organization and leading the many IT innovations.

He is a post graduate in computer applications (MCA) from St. Joseph's College, Trichy. He is also a qualified oracle database administrator.

**V.G. Suchindran** is the Chief Financial Officer at Veritas Finance. He has experience of more than 16 years in capital markets and development finance industry across organizations like Equitas, Citibank, Cholamandalam etc.

Prior to Veritas, he was the CEO of IFMR Investment Adviser Services Private Limited, the fund management and investment advisory arm of IFMR Trust, where he successfully launched the fund platform in the alternative investment fund space.

He is a qualified Chartered Accountant (FCA), Cost & Management Accountant (Grad. CMA), and Company Secretary (ACS).



**V.G. Suchindran**  
Chief Financial Officer



**L. Nicholes Antony**  
Senior Vice President -  
Working Capital

**Nicholes Antony** heads the vertical on working capital loans at Veritas Finance. He comes with more than two decades of experience in housing finance industry across organizations namely DHFL and Mahindra Rural Housing.

Prior to joining Veritas, he was with Mahindra Rural Housing Finance as DGM (Operations) where he was overseeing the business, credit and collection verticals. He set up the operations in South India commencing the business in 2008 with a six member team and built a strong distribution network of 100 branches with over 600 employees in a span of six years.

**S. Sheik Abdullah** heads the vertical on mortgage based loans at Veritas Finance for South. He has more than a decade of experience in financial services with organisations including Shriram Transport Finance, Cholamandalam etc. in areas of lending loans towards commercial vehicles and in the mortgage lending space.

Prior to joining Veritas, Sheik was working in Aptus Value Housing. organisations including Shriram Transport Finance, Cholamandalam Investments and Finance.

He has Bachelor's Degree in Engineering and has undergone Management Training in IIM Kozhikode.



**S. Sheik Abdullah**  
Senior Vice President  
Mortgage Sales - South

## PROFILE OF SENIOR MANAGEMENT TEAM



**Sekhar Vikas**  
VP – Mortgage Sales - East

**Sekhar Vikas** spearheads Veritas Finance's foray into the Eastern States - West Bengal, Odisha, Jharkhand and Chhattisgarh. Sekhar has more than fifteen years of experience in financial services with focus on housing, mortgage & unsecured lending space. Sekhar brings with him an ability to build and manage a large team of sales people for range of financial products. Apart from directly managing a large team of field executives, he has also handled channel partners and has developed and trained large no of DSAs apart from direct sales teams.

He has also been responsible for setting up new branches and vast distribution networks across the eastern states like West Bengal, Odisha, Jharkhand and has excelled in every organization he has been part of. Prior to joining Veritas, Sekhar was working in organizations including Shriram City Union, Cholamandalam Investments and Finance, HDB, CBOP, HSBC.

He has done his Post Graduation Degree in Management from Devi Ahilyabai University, Indore.

**R. Krishnaraj** heads the Credit function at Veritas Finance. He has rich experience of over two decades cutting across credit, operations, risk management, recovery and collections.

Before joining Veritas, he was with Cholamandalam as DGM Credit / Operations – Vehicle Finance. He is credited with introduction of many new innovations and first to adapt and put in place any new initiatives including Risk Scoring Model, Lean Cell Concept etc. in the Vehicle Finance vertical.

He is an MBA graduate from PSG Institute of Technology.



**R Krishnaraj**  
Vice President - Credit



**D. Kanchana Srikanth**  
Vice President - Legal

**D. Kanchana Srikanth** heads the Legal function at Veritas Finance. She has more than 19 years of experience in Legal, Litigation, Documentation issues with specific reference to Mortgages. She has rich experience in banking and financial services sectors and has worked in several organizations including Vijaya Bank, Lakshmi Vilas Bank, Cholamandalam etc.

Prior to Veritas Finance, she was with Apts Value Housing spearheading the several legal recovery actions through arbitration, Sec. 138 of NI Act, Civil and Criminal cases against willful default customers.

She is a law graduate and holds the professional Degree in Law (B.A, B.L) from Dr.Ambedkar Law College, Chennai.

**Priyanka I Misser** is the Company Secretary at Veritas Finance. Priyanka, a School Topper, holds a Bachelor's Degree in Accounting and Finance from MOP Vaishnav College and is a Qualified Company Secretary (ACS) from the Institute of Company Secretaries of India. She has also completed CA (Inter) and pursuing her Finals. Adjudged as the best participant in the MSOP training which she underwent as part of the CS curriculum, Priyanka has always excelled in all her academic pursuits.

Apart from studies, she has also won several prizes for Extempore, Writing, Quiz Competition and Singing. An avid Blogger, Priyanka is also passionate about writing poetries and short stories.



**Priyanka I Misser**  
Company Secretary

## DIRECTORS' REPORT

### Dear Shareholders,

Your Directors have immense pleasure in presenting the second annual report of your Company being the first full year of operations, together with the audited financial statements for the financial year ended March 31, 2017.

### Background:

Veritas Finance was founded with the intent of meeting the financial needs of the micro and small enterprises in the informal segment. Veritas Finance continued the focus on financial inclusion during the year with introduction of a new loan product for working capital.

### Financial Results:

Particulars	Amount in INR Lakhs
	Period ended March 31, 2017
Income from Operations	1267.02
Less: Employee cost	791.82
Other Operating Cost	717.02
(Loss)/Profit before Depreciation & Tax	(241.82)
Less: Depreciation	41.75
(Loss)/Profit Before Tax	(283.57)
Less: Tax Expenses	-
(Loss)/Profit After Tax	(283.57)
Add: Brought forward Profit / (Loss)	-
Less: Transfer to reserves	-
Balance Carried Forward	(283.57)
Earnings per share (basic)(in Rs.)	(1.86)
Earnings per share (diluted)(in Rs.)	(1.86)

### Dividend:

Your Directors do not recommend for any dividend for the year under review.

### Transfer to Reserves:

In the absence of profits, your Company has not made any transfers to reserves during the year under review. The transfer of 20% of profits to statutory reserve is not applicable as there was no profit during the year.

### Deposits:

Your Company is registered as NBFC-ND and does not accept any deposits. Hence, no deposit was accepted from the public for the year ended March 31, 2017.

### Capital Adequacy Ratio:

Your Company had a Capital to Risk Adjusted Assets ratio of 42.15% against the statutory requirement of 15% due to higher capital base and lower leverage. Tier 2 capital includes the 1% provision made towards Standard Assets against the requirement of 0.25% prescribed by RBI.

### Borrowings:

Your Company has diversified funding sources from ten different lenders with one Private Sector Bank, two Housing Finance Companies and seven NBFCs. Funds were raised in line with Company's Business Plan through medium and short term loans as well as cash credit.

During the year, your Company raised Rs.90 Crores in term loans and Rs.2 Crores in cash credit. No interest payment on term loans or cash credit or principal repayment of the Term Loans was due and unpaid as on March 31, 2017. The assets of the Company which are available by way of security are sufficient to discharge the claims of the lenders as and when they become due.

### Operational Highlights:

Some of the highlights for the year ended March 31, 2017 are:

- 1) The Company disbursed Rs.105 Crores during the period resulting in the assets under management of Rs.92.31 Crores.
- 2) The Company has 38 branches and 31 micro centres with 6 Regional offices at Coimbatore, Trichy, Salem, Madurai, Tirunelveli and Puducherry.

### Market Overview:

The MSME sector plays an important role in the growth of the Indian economy. In addition to generating employment and reducing poverty, the sector also plays a crucial role in developing the rural economy and promoting indigenous technologies. This vibrant sector, however, is plagued by many constraints which hinder its

## DIRECTORS' REPORT

growth. Among many of these constraints which affect the sector, lack of finance or inadequate financial support seems to be the key growth constraint. There are many research findings on the sector which suggest that all other growth constraints like lack of market linkage, competent manpower, infrastructure, obsolete technology etc. can be largely linked to the inadequate credit flow to the sector.

The Financial institutions which rely heavily on core banking technology infrastructure and CRM systems, generally find it difficult to corroborate the financial information from the micro enterprises, for an objective credit analysis and hence often tend to decline these proposals. Also, they do not have a decentralized decision making environment where local branch staff, who is aware of these enterprises can take credit decisions based on subjective parameters. Given the size and scale of these institutions, and the far reaching consequences of such a move, it is difficult to assume that these institutions would be able to change the current process and address this issue any sooner.

Hence, despite the huge demand for debt in the sector, the presence of formal financial institutions are limited to a few banks and some large NBFCs, for the reasons mentioned above.

However, in the recent times, one has seen a flurry of activity level in the sector. Government on its part is working on developing a viable lending environment through the launch of Mudra Bank. Realizing the latent potential of the segment, there are many new start-ups which have come up in different parts of the country, each approaching to address the heterogeneous group of MSMEs in their own way..

### Future outlook:

Veritas Finance has built a significant presence in 66 locations across Tamil Nadu and plans to increase the presence to 100 locations during FY 2017-18. Also, Veritas will be commencing business in the states of West Bengal and Karnataka during the first quarter of FY 2017-18.

While the latent potential in market segment Veritas Finance plans to operate is well known, Veritas is also well aware of the challenges in the business. Lending in an extremely unorganized segment where assessment of the credit worthiness of the customer, understanding their business and earning model, background of the customer and their living style, indebtedness, repayment culture etc., calls for strong credit appraisal skills. Veritas Finance backed by people who have decades of experience in the informal segment, is aware that this unique ability to assess the segment, in the long run, would differentiate Veritas Finance from other NBFCs and give Veritas Finance sustained growth.

### Capital Infusion & Change in Ownership Structure:

The Company was capitalized with Rs.43.60 Crores at the beginning of the financial year.

Further capital of Rs.1.25 Crores was raised during the year ended March 31, 2017 from existing investor at a price of Rs.25 per share including a premium of Rs.15 per share.

### RBI Guidelines:

The Company has complied with all applicable regulations of the Reserve bank of India.

### Compliance:

The Company has complied with all the mandatory regulatory compliances as required under the Companies Act, various tax statutes and other regulatory bodies. The whole time Company Secretary was appointed during the year.

### Board of Directors:

During the year ended March 31, 2017, there was no change in the composition of the Board of Directors.

Pursuant to the provisions of section 149 of the Companies Act, 2013, Mr. M. Sivaraman and Mr. N. Mohanraj Nair, who were appointed as Independent Directors in the First AGM held on June 10, 2016 have submitted a declaration that each of them meets the criteria of independence as provided in section 149(6) of the Act and there has been no change in the

circumstances which may affect their status as independent director during the year.

#### **Key Management Personnel:**

As at the Board Meeting held on September 30, 2016, Ms. Priyanka I. Misser was appointed as Company Secretary with effect from October 1, 2016. There were no other changes in the composition of 'Key Managerial Personnel' during the year.

#### **Statutory Auditors:**

Pursuant to the provisions of Sections 139 and 141 of the Companies Act, 2013, M/s. BSR & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office up to the financial year 2020-21 subject to the ratification by the members at every Annual General Meeting to be held during their term. The Board hereby recommends the ratification of M/s BSR & Co. LLP, Chartered Accountants as statutory auditors of the company for financial year 2017-18, to the Shareholders at the ensuing Annual General Meeting.

#### **Subsidiary / Joint Ventures / Associate Companies:**

As on March 31, 2017, the Company does not have any subsidiaries, joint ventures or associate companies.

#### **Material changes and commitments:**

There are no material changes and commitments, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

#### **Corporate Governance Report:**

A report on Corporate Governance is attached and forms part of the Directors' Report.

#### **Committees**

Details on composition of various Committees of the Board and number of Meetings of Board & Committees are given in the Corporate Governance Report.

#### **Internal Financial control:**

The Company's resources are directed and monitored in a properly controlled manner. Procedures are set so as to

detect and prevent frauds and to protect the Company's resources. These measures have helped in ensuring the adequacy of internal financial controls commensurate with the scale of operations of the company.

#### **Extract of the Annual Return:**

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of Annual Return in Form No. MGT-9 is annexed with this report as 'Annexure-I'.

#### **Particulars of Loans, Guarantees or Investments under Section 186 of Companies Act, 2013:**

The Company being a Non-Banking Financial Company, provisions of Section 186 of the Companies Act, 2013, is not applicable.

#### **Particulars of Contracts or Arrangements with Related Parties under Section 188(1) of Companies Act, 2013:**

The Company has not entered into any transaction with the related parties in terms of Section 188 of the Companies Act, 2013, during the period under review.

#### **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:**

The Company has no activity relating to conservation of energy and technology absorption and the requirement of disclosure of particulars relating to conservation of energy and technology absorption in terms of Rule 8 of the Companies (Accounts) Rules, 2014 does not arise. However, your Company has been increasingly using information technology in its operations and promotes conservation of resources. During the year under review, there were no foreign exchange earnings or expenditure in the Company.

#### **Particulars of Employees:**

In accordance with the provisions of Section 197 (12) of the Companies Act, 2013, read with Rules 5(1), 5(2) and 5(3), of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the name and other particulars of employees are to be set out in the annexure forming part of the Annual Report. However, as

## DIRECTORS' REPORT

per provisions of Section 136 (1) of the Companies Act, 2016, read with relevant proviso of the Companies Act, 2013 the Annual Report is being sent to members excluding the aforesaid information. The said information is available for inspection at the Registered Office of the Company. Any member interested in obtaining such particulars may write to the Company and the same will be furnished without any fee and free of cost.

### Dematerialization of Shares:

The equity shares and CCPS of the Company have been admitted for dematerialization by National Securities Depository Limited (NSDL) with ISIN Nos. INE448U01011 and INE448U03017.

### Board Meetings held during the year:

During the year, eight meetings of the Board of Directors was held on May 5, 2016, June 15, 2016, July 21, 2016, September 30, 2016, November 10, 2016, February 9, 2017, March 15, 2017 and March 20, 2017 and the gap between two meetings were not more than 120 days.

### Directors Responsibility Statement:

To the best of their knowledge and belief, and according to the information and explanations obtained by them, your Directors confirm the following in terms of Section 134(3)(c) of the Companies Act, 2013:

- a. that in preparation of the annual financial statements for the year ended March 31, 2017, the generally accepted accounting principles (GAAP) of India and applicable accounting standards issued by Institute of Chartered Accountants of India have been followed along with proper explanations to material departures, if any;
- b. that appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for year ended March 31, 2017;

- c. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. that the Company has established internal control systems over financial reporting and operating controls, for the prevention and detection of frauds and errors. The framework is reviewed periodically by Management and tested by an independent firm conducting internal audits. Based on the periodical testing, the framework is strengthened from time to time ensure adequacy and effectiveness of internal financial controls;
- e. that the annual accounts have been prepared on a going concern basis.
- f. that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively..

### Vigil Mechanism / Whistle Blower Policy

The Company as part of the 'vigil mechanism' has in place a 'Whistle Blower Policy' to deal with instances of fraud and mismanagement, if any. The Whistle Blower Policy has been placed on the website of the Company. During the year under review, no whistle blower complaint was received.

### Policy on Prevention of Sexual Harassment

Policy on Prevention and Redressal of Sexual Harassment at Workplace is in place as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The said policy is uploaded on the website of the Company. During the year under review, no complaint of harassment was received.



#### Disclosure of Orders passed by Regulators or Courts or Tribunal:

No significant and material orders have been passed by any Regulator or Court or Tribunal which can have an impact on the going concern status and the Company's operations in future.

#### Employee Stock Option Scheme:

The information pertaining to ESOS in terms of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are annexed and forms part of this report.

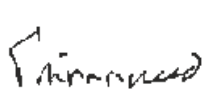
#### Employees Relationship:

The employees at all ranks of the Company have extended their whole-hearted cooperation to the Company for the smooth conduct of the affairs of the Company and the employee relations of the Company have been cordial. Your Directors wish to place on record their appreciation to all the employees for their contribution to the performance of the Company.

#### Acknowledgement:

Your Directors take this opportunity to thank the shareholders, customers, employees, bankers, non-bank lenders, mutual funds, financial institutions, auditors, Reserve Bank of India, other Regulatory authorities for their co-operation and continued support to the Company. We look forward to their continued patronage and encouragement in all our future endeavours.

On behalf of the Board of Directors,  
For Veritas Finance Private Limited,



**M. Sivaraman**  
Director



**N. Mohanraj**  
Director



**D. Arulmany**  
Managing Director  
& CEO

Date: April 29, 2017

Place: Chennai

## REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the commitment of an organization to follow ethics, fair practices and transparency in all its dealings with its various stakeholders such as Customers, Employees, Lenders, Investors, Government and the Community at large. Sound corporate governance is the result of external marketplace commitment and legislation plus a healthy board culture which directs the policies and philosophy of the organization. Your Company is committed to good Corporate Governance in all its activities and investment advisory processes.

#### Corporate Governance Philosophy

Veritas Finance's philosophy on corporate governance envisages adherence to the highest levels of accountability, transparency and fairness, in all areas of its operations and in all interactions with its stakeholders. The Board shall work to ensure the success and continuity of the Company's business through the appointment of qualified management and through on-going monitoring to assure the Company's activities are conducted in a responsible, ethical and transparent manner.

#### Board of Directors

In terms of the Corporate Governance philosophy all statutory and other significant material information is placed before the Board of Directors to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the Shareholders. The Board currently consists of four Directors. There are two Independent Directors, one Nominee Director of the Investor apart from the Managing Director and CEO. The Company is in the process of inducting one more independent director.

During the financial year ended 31 March 2017, eight (8) Board Meetings were held with a gap of not more than 120 days between any two meetings. Particulars of the Directors' attendance to the Board Meeting and particulars of their other company directorships and committee memberships are given below:



## REPORT ON CORPORATE GOVERNANCE

Name / Date of Appointment	Nature of Directorship	No. of Directorships excluding the Company	Board Meetings attended (Meetings held after the appointment as Director till Resignation, wherever applicable)
D. Arulmany (April 30, 2015)	Managing Director & CEO (First Director)	Nil	8 (8)
M. Sivaraman (May 28, 2015)	Independent Director	Nil	8 (8)
N. Mohanraj Nair (December 1, 2015)	Independent Director	2	8 (8)
Venkatesh Natarajan (March 18, 2016)	Director (Nominee of Sarva Capital LLC)	5	8 (8)

### Changes in Board Constitution

During the year ended March 31, 2017, no changes took place in the constitution of the Board.

At the Extra-ordinary general Meeting of the Company held on 18th March 2016, Mr. Venkatesh Natarajan has been appointed as Nominee Director of Sarva Capital LLC and is not liable to retire by rotation as long as Sarva Capital LLC maintains the minimum threshold of shares as specified in the Articles of Association of the Company. Mr. M. Sivaraman and Mr. N. Mohanraj Nair, who were appointed as Independent Directors in the AGM held on June 10, 2016 and they hold office upto the date of ensuing Annual General Meeting. It is proposed to re-appoint Mr. M. Sivaraman and Mr. N. Mohanraj Nair as Independent Directors.

### Committees of the Board

The Audit & Risk Management Committee and Nomination & Remuneration Committee of the Board were constituted on 28th March 2016. The Board fixes the terms of reference of committees and also delegated powers from time to time. The minutes of the meetings of the committee are circulated to the Board for its information and confirmation.

### Audit and Risk Management Committee:

The Audit & Risk Management Committee shall provide advice and overall guidance to the Company regarding the audit, accounting policies, implementation and monitoring of risk management and internal control practices of the Company.

During the year ended 31 March 2017, Four (4) meetings of the Committee were held on May 5, 2016, July 21, 2016, November 10, 2016, February 9, 2017.

### Terms of reference

The role and responsibilities of the Committee shall include, but not be restricted to:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the audit fees for the same
3. Reviewing, with the management, the quarterly and annual Financial Statements before submission to the Board for approval, with particular reference to:

- a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub-section 5 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the Financial Statements arising out of audit findings
  - e. Compliance with accounting and other legal requirements relating to Financial Statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft Audit Report.
4. Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
  5. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  6. Discussion with Internal Auditors any significant findings and follow up there on.
  7. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  8. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  9. Laying down and review of procedures relating to risk assessment & risk minimization to ensure that executive management controls risk through means of a properly defined framework.
  10. Credit and Portfolio Risk Management.
  11. Operational and Process Risk Management.

12. Laying down guidelines on KYC norms
13. Review on quarterly basis the securitization/ bilateral assignment transactions and investment activities of the Company.
14. Annual review of the Company's Policies framed pursuant to RBI Guidelines and suggests changes, if any required, to the Board for adoption.

The Audit & Risk Management Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit & Risk Management Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal audit reports relating to internal control weaknesses.

#### Composition & Meetings

The Committee currently has three members who have extensive experience across investments, insurance, mutual funds and housing finance:

1. Mr. N. Mohanraj, Chairman
2. Mr. M. Sivaraman
3. Mr. Venkatesh Natarajan

#### Nomination and Remuneration Committee:

The Nomination & Remuneration Committee shall provide advice and overall guidance to the Company regarding the nomination of Directors, implementation and monitoring of ESOP Schemes and remuneration practices of the Company.

During the year ended 31 March 2017, Four (3) meetings of the Committee was held on May 5, 2016, November 10, 2016, March 20, 2017.

#### Terms of reference

The role and responsibilities of the Committee shall include, but not be restricted to:

## REPORT ON CORPORATE GOVERNANCE

- a. To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- b. To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for Directorships;
- c. To assess the independence of Independent Non-Executive Directors;
- d. To review the results of the Board performance evaluation process that relate to the composition of the Board;
- e. To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive.
- f. To recommend remuneration payable to Non-Executive Directors of the Company from time to time.
- g. Annual appraisal of the performance of the Managing Director and fixing his terms of remuneration.
- h. Administration of ESOPs to employees as per the ESOP Scheme as approved from time to time.

### Composition & Meetings

The Committee currently has three members including the Nominee Director and two independent members who have extensive experience across investments, insurance, mutual funds and housing finance:

1. Mr. Venkatesh Natarajan, Chairman
2. Mr. N. Mohanraj
3. Mr. M. Sivaraman

### Remuneration of Non-Executive Directors

As a policy, the Company pays sitting fees of Rs.25,000/- for every meeting to Independent Directors for attending Board or Committees constituted of the Board, with effect from 18th January, 2016.

### General Body Meetings

During the period from April 30, 2015 to March 31, 2016, seven Extraordinary General Meetings were held as per details given below:

Date	Type of meeting	Time	Venue
April 19, 2016	EGM	10:30 am	Registered office of the Company
March 3, 2017	EGM	10:00 am	Registered office of the Company

All the proposed resolutions, including special resolutions, were passed by the shareholders as set out in their respective Notices.

### Compliance Report

The board reviews the compliance of all applicable laws every quarter and gives appropriate directions, wherever necessary.

### Risk Management

The Company keeps the Board informed periodically of the significant risks associated with the business of the company and the various risk identification and mitigation processes put in place by the management.

### Disclosures

The particulars of transactions between the Company and its related parties, as defined in Accounting Standard 18, are set out in the financial statements. There were no material transactions with related parties i.e., transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of company at large.

### General Shareholder Information

Financial year: April 1<sup>st</sup> to March 31<sup>st</sup>

Shareholding pattern as on March 31, 2017

Equity:

Category	Number of Shares	% of total
Promoter & Relatives	5,000,000	32.68%
Resident Individual Investors	5,250,000	34.31%
Employees & their Relatives	3,850,000	25.16%
Institutional Investors	1,200,100	7.84%
<b>Total</b>	<b>1,53,00,100</b>	<b>100.00%</b>

### Preference:

Category	Number of Shares	% of total
Institutional Investors	1,07,99,900	100.00%
<b>Total</b>	<b>1,07,99,900</b>	<b>100.00%</b>

### Address for Correspondence

Veritas Finance Private Limited  
2nd Floor, 'Economist House', S-15,  
Thiru Vi Ka Industrial Estate, Guindy,  
Chennai – 600032, Tamil Nadu, India  
Tel.: +91 44 4615 0011  
E-mail: [corporate@veritasfin.in](mailto:corporate@veritasfin.in)  
Website: <http://www.veritasfin.in>

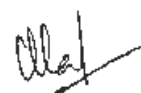
On behalf of the Board of Directors,  
For Veritas Finance Private Limited,



**M. Sivaraman**  
Director  
DIN: 02045100



**N. Mohanraj**  
Director  
DIN: 00181969



**D. Arulmany**  
Managing Director & CEO  
DIN: 00009981

Place: Chennai  
Date: April 29, 2017

# CERTIFICATE BY A COMPANY SECRETARY IN PRACTICE

FORM NO. MGT-8

[Pursuant to section 92(2) of the Companies Act, 2013 and  
Rule 11(2) of Companies (Management and Administration) Rules, 2014]

COMPANY CIN: U65923TN2015PTC100328

M/s. VERITAS FINANCE PRIVATE LIMITED

I have examined the registers, records and books and papers of M/s. Veritas Finance Private Limited (the Company) as required to be maintained under the Companies Act, 2013 (the Act) and the rules made thereunder for the financial year ended on 31/03/2017. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, and wherever applicable, I certify that:

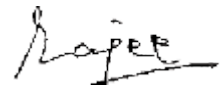
- A. The Annual Return states the facts as at the close of the aforesaid financial year correctly and adequately.
- B. During the aforesaid financial year the Company has complied with provisions of the Act & Rules made there under in respect of:
  1. Its status under the Act;
  2. Maintenance of registers/records & making entries therein within the time prescribed thereof;
  3. the company has, in general, filed the forms and returns with the Registrar of Companies and Regional Director within the prescribed time;
  4. Calling/ convening/ holding meetings of Board of Directors and the meetings of the members of the company on due dates as stated in the annual return in respect of which meetings, proper notices were given and the proceedings have been properly recorded in the Minute Book/registers maintained for the purpose and the same have been signed;
  5. Being Private Limited Company, Closure of Register of Members / Security holders is not applicable to the Company.
  6. No advances/loans to its directors and/or persons or firms or companies referred in section 185 of the Act were given by the Company during the year under review;
  7. No contracts/arrangements were entered with related parties as specified in section 188 of the Act;
  8. Issue or allotment or transfer or alteration of share capital and issue of security certificates in all instances; The Company has not made any transfer, transmission, split of securities or buy back of securities / redemption of preference shares or debentures or reduction of share capital/ conversion of shares/ securities.
  9. There was no instance of keeping in abeyance the rights to dividend, rights shares or bonus shares pending registration of transfer of shares during the period under review;
  10. The company has not declared and paid dividend during the year under review; there was no amount pending for transfer of unpaid/ unclaimed dividend/other amounts as applicable to the Investor Education and Protection Fund in accordance with section 125 of the Act;
  11. Signing of audited financial statement as per the provisions of section 134 of the Act and report of directors is as per sub - sections (3), (4) and (5) thereof;
  12. The constitution/ appointment/ re-appointments/ retirement/ filling up casual vacancies / disclosure of the Directors, Key Managerial Personnel and the remuneration

paid to them; There was no filling up casual vacancies of the Directors during the year under review.

13. Appointment/ reappointment of auditors as per the provisions of section 139 of the Act;
14. The company has obtained the approvals of Registrar of Companies for alteration of Memorandum and Articles of Association of Company. The Company has not obtained any another approval from the Central Government, Tribunal, Regional Director, Court or such other authorities under the various provisions of the Act;
15. The Company, being a non-deposit taking Non-Banking Finance Company (NBFC-ND), the provisions of Section 73 to 76 of Companies Act, 2013 with respect to acceptance / renewal / repayment of deposit is not applicable.

16. Borrowings from public financial institutions, banks and others and creation / modification / satisfaction of charges in that respect, wherever applicable;
17. The company has not provided loans, investments or guarantees or provided securities to other bodies corporate or persons falling under the provisions of section 186 of the Act ;
18. The company has altered the provisions of the Memorandum and Articles of Association of the Company and complied with the provisions of the Act;

Place: Chennai  
Date: April 29, 2017



**Rajashree S Iyer**  
Company Secretary  
C.P. No. : 10096

## ANNEXURE I

### VERITAS Employees Stock Option Scheme (VERITAS ESOS), 2016.

Nature of Disclosures	Particulars
a. Options approved to be issued as ESOPs	30,00,000
b. Options Granted	30,00,000
c. Options Vested	7,80,000
d. Options Exercised	Nil
e. The total no. of shares arising as a result of exercise of option	Nil
f. Options Lapsed/surrendered	Nil
g. Variation of terms of option	Nil
h. Total number of options in force	30,00,000
i. Money realized by exercise of options	Nil
j. (a) Details of options granted to Key Managerial personnel	Nil
(b) Any other employee who received a grant of Option amounting to 5% or more of Options granted during the period ended 31st March 2017	Mr. Nicholes Antony - Senior Vice President - Working Capital was granted 1,00,000 additional options in Batch 2. He was granted 1,00,000 options in Batch 1.
(c) Identified employees who were granted Options, during the period ended 31st March 2017, equal or exceeding 1% of the issued capital of the Company at the time of grant	Nil
k. Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard – 20	NA
l. The exercise Price of Options	Exercise Price was Rs.10 for 26,00,000 Options (Batch 1 granted on 18.01.2016) Exercise Price was Rs.20 for 3,00,000 Options (Batch 2 granted on 10.11.2016) Exercise Price was Rs.20 for 1,00,000 Options (Batch 3 granted on 20.03.2017)



**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
as on the financial year ended on 31/03/2017  
[Pursuant to Section 92(3) of the Companies Act, 2013, and  
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

(i) CIN:	U65923TN2015PTC100328
(ii) Registration Date	30.04.2015
(iii) Name of the Company	VERITAS FINANCE PRIVATE LIMITED
(iv) Category / Sub-category of the Company	Company Limited by Shares / Non-Govt Company
(v) Address of the Registered office and contact details	S-15, 2nd Floor, Economist House, Thiru-Vi-Ka Industrial Estate, Guindy, Chennai – 600 032 Tamil Nadu, India. Tel: +91 - 044 – 46150011 Email id: corporate@veritasfin.in
(vi) Whether Listed Company	No
(vii) Name and Address of Registrar & Transfer Agents (RTA)	Karvy Computershare Private Limited Karvy Selenium Tower, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032. Telangana, India

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S.No	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Extending credit to micro and small enterprises typically self-employed small business.	K-64-64920	86.68% of Gross Income

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE
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NOT APPLICABLE

## IV. SHARE HOLDING PATTERN

### A. Equity

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A) Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	50,00,000	50,00,000	33.78	-	50,00,000	50,00,000	32.68	(1.1)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/ FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
(i) Relatives of Directors	-	-	-	-	-	-	-	-	-
<b>Sub Total (A)(1)</b>	<b>-</b>	<b>50,00,000</b>	<b>50,00,000</b>	<b>33.78</b>	<b>-</b>	<b>50,00,000</b>	<b>50,00,000</b>	<b>32.68</b>	<b>(1.1)</b>
<b>(2) Foreign</b>									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Subtotal(A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A) =</b>									
<b>(A)(1) + (A)(2)</b>	<b>-</b>	<b>50,00,000</b>	<b>50,00,000</b>	<b>33.78</b>	<b>-</b>	<b>50,00,000</b>	<b>50,00,000</b>	<b>32.68</b>	<b>(1.1)</b>

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(B) Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/ FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	-	12,00,000	12,00,000	8.11	12,00,000	-	12,00,000	7.84	(0.27)
ii) Overseas	-	100	100	0.00	100	-	100	0.00	0.00
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	-	86,00,000	86,00,000	58.11	76,50,000	14,50,000	91,00,000	59.48	1.37
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	98,00,100	98,00,100	66.22	88,50,100	64,50,000	103,00,100	67.32	1.37
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	-	-	-	98,00,100	98,00,100	66.22	88,50,100	64,50,000	103,00,100
<b>67.32</b>	<b>1.1</b>								
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)-</b>		<b>1,48,00,100</b>	<b>1,48,00,100</b>	<b>100</b>	<b>88,50,100</b>	<b>64,50,000</b>	<b>1,53,00,100</b>	<b>100</b>	<b>-</b>

## B. Shareholding of Promoters :

S.No.	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of Change during the year
		No. of Shares	% of Total Shares	% of Shares Pledged/encumbered	No. of Shares	% of Total Shares	% of Shares Pledged/encumbered	
1	D Arulmany	45,00,000	30.40	--	45,00,000	29.41	--	(0.99)
2	Vidya Arulmany & D Arulmany	5,00,000	3.38	--	5,00,000	3.27	--	(0.11)

## C. Change In Promoters' Shareholding: Nil

## D. Shareholding Pattern of Top Ten Shareholders:

S.No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	<b>SAVITA S PAI</b>				
	At the beginning of the year	17,50,000	11.82	17,50,000	11.82
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	17,50,000	11.44	17,50,000	11.44
2	<b>P SURENDRA PAI</b>				
	At the beginning of the year	17,50,000	11.82	17,50,000	11.82
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	a) 05.05.2016 – Allotment of shares	5,00,000	-	22,50,000	-
	At the end of the year	22,50,000	11.82	22,50,000	14.71
3	<b>J PRAKASH RAYEN</b>				
	At the beginning of the year	15,00,000	10.14	15,00,000	10.14
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	15,00,000	9.80	15,00,000	9.80
4	<b>V G SUCHINDRAN</b>				
	At the beginning of the year	12,50,000	8.45	12,50,000	8.45
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	12,50,000	8.17	12,50,000	8.17

#### D. Shareholding Pattern of Top Ten Shareholders (Contd.):

S.No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
5	<b>CASPIAN IMPACT INVESTMENT ADVISER PRIVATE LIMITED</b>				
	At the beginning of the year	12,00,000	8.11	12,00,000	8.11
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	12,00,000	7.84	12,00,000	7.84
6	<b>V C KUMANAN</b>				
	At the beginning of the year	500,000	3.38	5,00,000	3.38
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	500,000	3.27	5,00,000	3.27
7	<b>SHEIKIMMAM SHEIK ABDULLAH</b>				
	At the beginning of the year	250,000	1.69	250,000	1.69
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	250,000	1.63	250,000	1.63
8.	<b>K VENKATESH</b>				
	At the beginning of the year	500,000	3.38	500,000	3.38
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	500,000	3.27	500,000	3.27
9.	<b>SYLVIA PRAKASH</b>				
	At the beginning of the year	500,000	3.38	500,000	3.38
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	500,000	3.27	500,000	3.27
10	<b>R LAVANYA</b>				
	At the beginning of the year	250,000	1.69	250,000	1.69
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	250,000	1.63	250,000	1.63

### E. Shareholding of Directors and Key Managerial Personnel:

S.No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	D. Arulmany				
	At the beginning of the year	45,00,000	30.40	45,00,000	29.41
	Date wise Increase / Decrease in Promoters Shareholding during the year	-	-	-	-
	At the end of the year	45,00,000	30.40	45,00,000	29.41
2	J. Prakash Rayen				
	At the beginning of the year	15,00,000	10.14	15,00,000	9.80
	Date wise Increase / Decrease in Promoters Shareholding during the year	-	-	-	-
	At the end of the year	15,00,000	10.14	15,00,000	9.80
3	V. G. Suchindran				
	At the beginning of the year	12,50,000	8.45	12,50,000	8.17
	Date wise Increase / Decrease in Promoters Shareholding during the year	-	-	-	-
	At the end of the year	12,50,000	8.45	12,50,000	8.17

## V. INDEBTEDNESS: Nil

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
* Addition	77,00,00,000	-	-	77,00,00,000
* Reduction	6,13,75,845	-	-	6,13,75,845
<b>Net Change</b>	<b>70,86,24,155</b>	-	-	<b>70,86,24,155</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	70,86,24,155	-	-	70,86,24,155
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	8,79,851	-	-	8,79,851
<b>Total (i+ii+iii)</b>	<b>70,95,04,006</b>	-	-	<b>70,95,04,006</b>



## VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S.No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (Rs)
		Mr. D Arulmany (MD)		
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	48,00,000	48,00,000	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	--	--	--
2	Stock Option	--	--	--
3	Sweat Equity	--	--	--
4	Commission	--	--	--
5	Others, please specify	--	--	--
	<b>Total (A)=(1+4+5)</b>	<b>48,00,000</b>	<b>48,00,000</b>	<b>48,00,000</b>
	Ceiling as per the Act		NA	

### B. Remuneration to other Directors:

S.No.	Particulars of Remuneration	Name of Directors		Total Amount (Rs)
		Mr. M Sivaraman	Mr. N Mohanraj	
1.	Independent Directors			
	Fee for attending board / committee meetings	3,75,000	3,75,000	7,50,000
	Commission	--	--	--
	Others, please specify	--	--	--
	<b>Total (1)</b>	<b>3,75,000</b>	<b>3,75,000</b>	<b>7,50,000</b>
2.	Other Non-Executive Directors			
	Fee for attending board / committee meetings	--	--	--
	Commission	--	--	--
	Others, please specify	--	--	--
	<b>Total (2)</b>	<b>--</b>	<b>--</b>	<b>--</b>
	<b>Total (B)=(1+2)</b>	<b>3,75,000</b>	<b>3,75,000</b>	<b>7,50,000</b>
	<b>Total Managerial Remuneration</b>			<b>55,50,000</b>
	Overall Ceiling as per the Act			NA

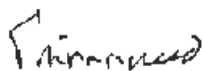
**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

S.No.	Particulars of Remuneration	Name of Directors			Total Amount (Rs)
		Mr. J Prakash Rayen (COO)	Mr. V.G. Suchindran (CFO)	Ms. Priyanka I. Misser (CS) (Note)	
1.	Gross salary (in Rs.)				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	37,44,000	37,44,000	2,58,358	77,46,358
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2.	Employee Stock Options (in nos.)	15,00,000	5,00,000	-	20,00,000
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
5.	Others, please specify	-	-	-	-
	<b>Total (C) (1+4+5)</b>	<b>37,44,000</b>	<b>37,44,000</b>	<b>2,58,358</b>	<b>77,46,358</b>
	Ceiling as per the Act			NA	

Note: This pertains only for the period from 01.10.2016 to 31.03.2017.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL**

On behalf of the Board of Directors,  
For Veritas Finance Private Limited,



**M. Sivaraman**  
Director  
DIN: 02045100



**N. Mohanraj**  
Director  
DIN: 00181969



**D. Arulmany**  
Managing Director & CEO  
DIN: 00009981

Place: Chennai  
Date: April 29, 2017

# AUDITOR'S REPORT

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VERITAS FINANCE PRIVATE LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of Veritas Finance Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its loss and its cash flows for the year ended on that date.

### Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we enclose in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the said Order.

2. As required by Section 143(3) of the Act, we report

that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- (c) The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

On the basis of written representations received from the directors as on 31 March 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act.

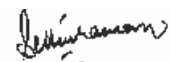
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i The Company does not have any pending litigations which would impact its financial position.
- ii The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 39.

CHENNAI,  
Date : 29 April 2017

For B S R & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No: 101248W/W-100022



**S Sethuraman**  
(Partner)

(Membership No. 203491)

## AUDITOR'S REPORT

### ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERITAS FINANCE PRIVATE LIMITED FOR THE YEAR ENDED 31 MARCH 2017

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable properties and accordingly, paragraph 3(i)(c) of the Order is not applicable.
- (ii) The Company is a Non-Deposit taking Non-banking Financial Company (NBFC-ND) and primarily engaged in lending activities; accordingly it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under Section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) The Company does not have any loan, investment, guarantees and security which requires compliance under Sections 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the Order is not applicable.
- (v) The Company has not accepted deposits from the public. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.
- (vii)(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax and any other material statutory dues have been generally deposited regularly during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, value added tax, wealth tax, duty of customs, duty of excise and cess.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax and any other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax and service tax, which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any outstanding loans or borrowings to government or dues to debenture holders during the year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). However the Company has raised term loans during the year. In our opinion and according to the information and

explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.

- (x) According to the information and explanations given to us, no fraud on or by the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) The Company being a private Company, the provisions of section 197 read with schedule V to the Companies Act, 2013 is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

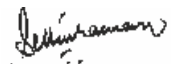
(xiv) The Company has during the year offered shares for private placement and has complied with the provisions of Section 42, of the Companies Act, 2013. According to the information and explanations given to us and based on our examination of the records of the Company, the amount so raised have been used for the purpose for which the funds were raised.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has obtained the certificate of registration dated 15 October 2015, required under section 45-IA of the Reserve Bank of India Act 1934.

CHENNAI,  
Date : 29 April 2017

For B S R & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No: 101248W/W-100022



**S Sethuraman**

(Partner)

(Membership No. 203491)

# AUDITOR'S REPORT

## **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERITAS FINANCE PRIVATE LIMITED FOR THE YEAR ENDED 31 MARCH 2017**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Veritas Finance Private Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the

Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of



management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

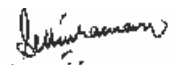
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

CHENNAI,  
Date : 29 April 2017

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For B S R & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No: 101248W/W-100022



**S Sethuraman**  
(Partner)

(Membership No. 203491)

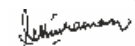
## Balance Sheet as at 31 March 2017

In Rupees

Particulars	Note	As at 31 Mar 2017	As at 31 Mar 2016
<b>A EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	26,10,00,000	25,60,00,000
Reserves and surplus	4	13,99,09,159	16,07,66,081
		<b>40,09,09,159</b>	<b>41,67,66,081</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	30,77,38,451	-
Long-term provisions	6	94,08,273	6,06,523
		<b>31,71,46,724</b>	<b>6,06,523</b>
<b>Current liabilities</b>			
Short-term borrowings	7	16,83,33,959	-
Trade payables	8	9,25,297	2,36,613
Other current liabilities	9	23,88,74,792	11,13,983
Short-term provisions	6	33,56,962	98,301
		<b>41,14,91,010</b>	<b>14,48,897</b>
<b>TOTAL</b>		<b>1,12,95,46,893</b>	<b>41,88,21,501</b>
<b>B ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
- Tangible assets	10.1	1,40,17,998	36,90,060
- Intangible assets	10.2	37,69,584	3,86,378
- Intangible fixed assets under development	10.2	85,73,750	62,36,250
Deferred tax asset (net)	11	-	-
Long-term loans and advances			
- Receivables under financing activities	12	75,92,37,153	5,14,24,066
- Other loans and advances	13	54,46,918	12,04,310
Other non-current assets	14	68,83,761	-
		<b>79,79,29,164</b>	<b>6,29,41,064</b>
<b>Current assets</b>			
Short-term loans and advances			
- Receivables under financing activities	12	14,70,23,997	96,82,585
- Other loans and advances	13	39,40,894	25,52,683
Cash and bank balances	15	16,73,92,502	34,26,61,456
Other current assets	16	1,32,60,336	9,83,713
		<b>33,16,17,729</b>	<b>35,58,80,437</b>
<b>Total</b>		<b>1,12,95,46,893</b>	<b>41,88,21,501</b>
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached  
for B S R & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No. 101248W/W-100022

  
**S. Sethuraman**  
Partner  
(Membership No. 203491)

Date: April 29, 2017  
Place: Chennai

For and on behalf of the Board of Directors

  
**M. Sivaraman**  
Director

  
**N. Mohanraj**  
Director

  
**D. Arulman**  
Managing Director  
& CEO

  
**V. G. Suchindran**  
Chief Financial Officer

  
**Priyanka I Misser**  
Company Secretary

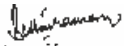
## Statement of Profit and Loss for the year ended 31 March 2017

In Rupees

Particulars	Note No.	For the year ended 31 March 2017	For the Period from 30 Apr 2015 to 31 Mar 2016
<b>REVENUE</b>			
Revenue from operations	17	11,68,60,415	46,04,769
Other income	18	98,42,202	25,91,692
<b>Total revenue</b>		<b>12,67,02,617</b>	<b>71,96,461</b>
<b>EXPENSES</b>			
Employee benefits expense	19	7,91,81,567	1,58,63,063
Finance costs	20	3,30,33,030	-
Depreciation and amortization	21	41,75,683	4,46,692
Other expenses	22	2,78,89,502	95,08,083
Provision and loan losses	23	1,07,79,757	6,12,542
<b>Total expenses</b>		<b>15,50,59,539</b>	<b>2,64,30,380</b>
Loss before tax		<b>(2,83,56,922)</b>	<b>(1,92,33,919)</b>
Tax expense:			
- Current tax		-	-
- Deferred tax charge/(benefit)		-	-
Loss for the year/ period		<b>(2,83,56,922)</b>	<b>(1,92,33,919)</b>
Earnings per equity share of Rs. 10 each (previous period Rs 10 each)	28		
- Basic		(1.86)	(2.90)
- Diluted		(1.86)	(2.90)

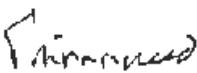
The notes referred to above form an integral part of the financial statements


As per our report of even date attached  
for B S R & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No. 101248W/W-100022


  
**S Sethuraman**  
Partner  
(Membership No. 203491)

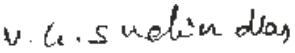
Date: April 29, 2017  
Place: Chennai

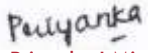
For and on behalf of the Board of Directors

  
**M. Sivaraman**  
Director

  
**N. Mohanraj**  
Director

  
**D. Arulmany**  
Managing Director  
& CEO

  
**V. G. Suchindran**  
Chief Financial Officer

  
**Priyanka I Misser**  
Company Secretary

## Cash Flow Statement for the year ended 31 March 2017

In Rupees

Particulars	For the year ended 31 March 2017	For the Period from 30 Apr 2015 to 31 Mar 2016
<b>A. Cash flow from operating activities</b>		
Loss before tax	(2,83,56,922)	(1,92,33,919)
<b>Adjustments for :</b>		
Depreciation and amortization	41,75,683	4,46,692
Contingent provision for standard assets	85,30,561	6,12,542
Provision for Non-Performing Assets	22,42,405	-
Finance costs	3,30,33,030	-
Loss on sale of fixed assets	38,005	-
Gain on sale of current investments	(98,35,377)	(25,91,692)
<b>Operating cash flow before working capital changes</b>	<b>98,27,385</b>	<b>(2,07,66,377)</b>
<b>Changes in working capital:</b>		
(Increase) in receivables under financing activities	(84,51,54,499)	(6,11,06,651)
(Increase) in loans and advances	(50,90,711)	(36,05,183)
(Increase) in other assets	(1,25,10,384)	(9,83,713)
Increase in trade payables	6,88,684	2,36,613
Increase in other current liabilities	43,29,214	11,13,983
Increase in provision	12,87,445	92,282
<b>Cash used by operations</b>	<b>(84,66,22,866)</b>	<b>(8,50,19,046)</b>
Direct taxes paid (net)	(5,40,108)	(1,51,810)
<b>Net cash used by operations (A)</b>	<b>(84,71,62,974)</b>	<b>(8,51,70,856)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(2,02,84,331)	(1,07,59,380)
Proceeds from sale of fixed assets	21,999	-
Bank deposits and other deposit (net)	8,00,00,000	(8,97,00,000)
Purchase of investments	(4,76,75,00,000)	(1,24,81,00,000)
Proceeds from sale of investments	4,77,73,35,377	1,25,06,91,692
<b>Net cash provided/ (used) in investing activities (B)</b>	<b>6,95,73,045</b>	<b>(9,78,67,688)</b>
<b>C. Cash flows from financing Activities</b>		
Proceeds from issue of preference shares	-	26,99,97,500
Proceeds from issue of equity shares	1,25,00,000	16,60,02,500
Proceeds from long term borrowings	60,00,00,000	-
Repayment of long term borrowings	(5,97,09,805)	-
Short term borrowings during the year (net)	16,83,33,959	-
Finance costs paid	(3,21,53,179)	-
<b>Net Cash provided by financing activities (C)</b>	<b>68,89,70,975</b>	<b>43,60,00,000</b>

Contd.

In Rupees

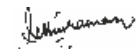
Particulars	For the year ended 31 March 2017	For the Period from 30 Apr 2015 to 31 Mar 2016
<b>Net (decrease)/ increase in cash and cash equivalents (A) + (B) + (C)</b>	<b>(8,86,18,954)</b>	<b>25,29,61,456</b>
Cash and cash equivalents at the beginning of the year/ period	25,29,61,456	-
<b>Cash and cash equivalents at the end of the year / period</b>	<b>16,43,42,502</b>	<b>25,29,61,456</b>
	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>
<b>Notes to cash flow statement</b>		
<b>Components of cash and cash equivalents:</b>		
(excluding deposits under lien)		
Cash on hand	43,387	65
Balances with banks		
- Current accounts	16,42,99,115	8,15,61,391
- Deposit accounts with original maturity of 3 months or less	-	17,14,00,000
	<b>16,43,42,502</b>	<b>25,29,61,456</b>

Significant accounting policies

2

The notes referred to above form an integral part of the financial statements

As per our report of even date attached  
for B S R & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No. 101248W/W-100022

  
**S Sethuraman**  
Partner  
(Membership No. 203491)

Date: April 29, 2017  
Place: Chennai

For and on behalf of the Board of Directors

  
**M. Sivaraman**  
Director

  
**N. Mohanraj**  
Director

  
**D. Arulmany**  
Managing Director  
& CEO

  
**V. G. Suchindran**  
Chief Financial Officer

  
**Priyanka I Misser**  
Company Secretary

# Notes forming part of the financial statements

## Note 1

### Background

Veritas Finance Private Limited (CIN:U65923TN2015PTC100328) ('the Company') was incorporated on 30 April 2015. The Company has received the Certificate of Registration dated 15 October 2015 from the Reserve Bank of India ("RBI") to carry on the business of Non Banking Financial Institution without accepting deposits ("NBFC-ND").

The Company is engaged in extending credit to micro and small enterprises typically self-employed business. The Company follows the cash flow based credit assessment with suitable adaptations for each type of business, where the loans are given for business expansion, working capital or for purchase of assets.

## Note 2

### Significant accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under historical cost convention and accrual basis of accounting, unless otherwise stated, and in accordance with the generally accepted accounting principles in India (Indian GAAP) and conform to the statutory requirements, circulars, regulations and guidelines issued by Reserve Bank of India (RBI) from time to time to the extent they have an impact on the financial statements and current practices prevailing in India. The financial statements have been prepared to comply in all material aspects with the Accounting Standards ("AS") notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable. The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the RBI for Non-deposit taking Non-Banking Finance Companies (NBFC-ND).

#### 2.2 Use of estimates

The preparation of financial statements in conformity with the GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period, reported balance of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### 2.3 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing, and investing activities of the Company are segregated. Cash flows in foreign currencies are accounted at average monthly exchange rates that approximate the actual rates of exchange prevailing at the dates of the transactions.

#### 2.4 Revenue recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Interest income is recognized in the statement of profit and loss on an accrual basis. In case of Non Performing Assets (NPA) interest income is recognised upon realisation as per the RBI Guidelines. Interest accrued and not realised before the classification of the asset as an NPA is reversed in the month in which the loan is classified as NPA.
- ii. Upfront /processing fees are recovered and recognised at the time of disbursement of loan / receipt.
- iii. Interest income on other deposits are recognised on a time proportion basis. Income from dividend is recognized in the statement of profit and loss when the right to receive is established.
- iv. Profit / Loss on disposal of an investment is recognised at the time of such sale / redemption and is computed based on weighted average cost.

## 2.5 Tangible fixed assets, intangible fixed assets and intangible fixed assets under development

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses incurred directly related to the acquisition and installation of the asset. Subsequent expenditure on fixed assets after their purchase / completion is capitalized, only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

The cost of intangible fixed assets not ready for the intended use at each balance sheet date is disclosed as intangible fixed assets under development.

## 2.6 Impairment

The Company determines periodically whether there is any indication of impairment of the carrying amount of its assets. The recoverable amount (higher of net selling price and value in use) is determined for an individual asset, unless the asset does not generate cash inflow that are largely independent of those from other assets or group of assets. The recoverable amounts of such asset are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

## 2.7 Depreciation and Amortization:

Depreciation on tangible fixed assets is provided on pro-rata basis (i.e. from the date on which the asset is ready to use) on straight-line method. Depreciation on fixed assets is provided over the useful lives of the asset, as estimated by the management based on internal technical assessment. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged, depreciation is provided at a higher rate based on the management's estimate of the useful life / remaining useful life. Pursuant to this policy, the estimated useful life of assets are as follows:

Fixed Asset Description	Estimated Useful Life
Computers and accessories	3 Years
Office Equipment	5 Years
Furniture and Fixtures	5 Years

Improvements to leasehold premises are depreciated over the primary lease period or 5 years, whichever is lower.

Intangible assets are amortized over their estimated useful life on straight line method as follows:

Fixed Asset Description	Estimated Useful Life
Intangible Assets – Computer Software	License period or 3 years, whichever is lower

## Notes forming part of the financial statements

### 2.8 Borrowing costs

Borrowing costs include interest and ancillary costs that the Company incurs in connection with the borrowings. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss at the time of availment of the loan.

### 2.9 Loan origination costs

Brokerage, commission and other costs paid at the time of acquisition of loans are charged to the Statement of Profit and Loss.

### 2.10 Foreign exchange transactions

Foreign currency transactions are recorded into Indian Rupees using the exchange rates prevailing at the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss. Monetary assets and liabilities denominated in foreign currencies as at the Balance sheet date are translated at the closing exchange rates on that date. Exchange differences arising on foreign exchange transactions during the year and on restatement of monetary assets and liabilities are recognized in the Statement of Profit and Loss.

### 2.11 Investments:

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage and fees.

Investments maturing within three months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments".

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

### 2.12 Employee benefits:

#### Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

#### Defined contribution plan

The Company's contribution to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

#### Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.



#### Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

#### Stock based compensation:

The Company measures compensation cost relating to employee stock options using intrinsic value method, in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India. The excess of fair value of shares on the date of grant over the exercise prices is regarded as the compensation cost and is amortized over the vesting period of the option on a straight line basis.

### 2.13 Operating leases

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term.

### 2.14 Earnings per share:

Basic earnings per share is computed and disclosed using the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except when the results would be anti-dilutive.

### 2.15 Income taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognized in statement of profit and loss except that tax expense relating to items recognized directly in reserves is also recognized in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

### 2.16 Provisions, contingent liabilities and contingent assets

A provision is recognized when there is present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc., are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

## Notes forming part of the financial statements

### 2.17 Classification and provisioning on receivables from financing activities

- a) Receivable from financing activities are recognised on disbursement of loan to customers. The details of the policy are given below:
- b) Receivable from financing activities are classified as standard, sub - standard and doubtful assets and provided for as per the Company's policy and Management's estimates, subject to the minimum classification and provisioning norms as per the Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

### Classification of Loans

Asset Classification	Mortgage loan	Working capital loan
Standard Assets	Not Overdue or Overdue for less than 90 days	Not Overdue or Overdue for less than 30 days
<b>Non-Performing Assets (NPA)</b>		
Sub-Standard Assets	Overdue for 90 days and more but up to one year	Overdue for 30 days and more but up to 120 days
Doubtful Assets	Overdue for more than one year	Overdue for more than 120 days
Loss Assets	Assets which are identified as loss asset by the Company or the internal auditor or the external auditor or by the Reserve Bank of India.	Assets which are identified as loss asset by the Company or the internal auditor or the external auditor or by the Reserve Bank of India.

"Overdue" refers to interest and / or principal and / or installment remaining unpaid from the day it became receivable.

### c) Provisioning norms for loans:

Asset Classification	Secured	Unsecured
Standard Assets (disclosed under Contingent provision against standard assets)	1%	1%
<b>Non Performing Assets (NPA)</b>		
Sub-Standard Assets	10%	10% to 50%
Doubtful Assets	20% to 50%	100%
Loss Assets	100%	100%

- d) Under exceptional circumstances, Management may renegotiate loans by rescheduling repayment terms for customers who have defaulted in repayment but who appear willing and able to repay their loans under a longer term agreement. Rescheduled Standard Assets are classified / provided for as Sub-Standard Assets as per (b) above which classification / provisioning is retained for a period of 1 year of satisfactory performance. Rescheduled Non Performing Assets are not upgraded but are retained at the original classification / provisioning for a period of 1 year of satisfactory performance.

### 2.18 Operating cycle

Assets and liabilities are classified as current and non-current based on the operating cycle which has been estimated to be 12 months. All assets and liabilities which are expected to be realized and settled, within a period of 12 months from the date of Balance sheet have been classified as current and other assets and liabilities are classified as non-current. All Non-Performing Assets are classified as non-current.

**Note 3**

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of Shares	Rs.	Number of Shares	Rs.
<b>3. Share Capital</b>				
<b>(a) Authorized</b>				
Equity shares of Rs. 10 each	3,00,00,000	30,00,00,000	1,90,00,000	19,00,00,000
0.01% Compulsory convertible preference shares of Rs. 10 each	3,20,00,000	32,00,00,000	1,10,00,000	11,00,00,000
	6,20,00,000	62,00,00,000	3,00,00,000	30,00,00,000
<b>(b) Issued, Subscribed and Fully Paid-up</b>				
Equity shares of Rs. 10 each	1,53,00,100	15,30,01,000	1,48,00,100	14,80,01,000
0.01% Compulsory convertible preference shares of Rs. 10 each	1,07,99,900	10,79,99,000	1,07,99,900	10,79,99,000
	2,61,00,000	26,10,00,000	2,56,00,000	25,60,00,000

**3.1 Reconciliation of Shares Outstanding at the beginning and at the end of the Year**

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of Shares	Rs.	Number of Shares	Rs.
<b>a. Equity shares</b>				
At the beginning of the year/ period	1,48,00,100	14,80,01,000	-	-
Issued during the year/ period (Refer Note below)	5,00,000	50,00,000	1,48,00,100	14,80,01,000
At the end of the year/ period	1,53,00,100	15,30,01,000	1,48,00,100	14,80,01,000
<b>b. 0.01% Compulsory convertible preference shares</b>				
At the beginning of the year/ period	1,07,99,900	10,79,99,000	-	-
Issued during the year/ period	-	-	1,07,99,900	10,79,99,000
At the end of the year	1,07,99,900	10,79,99,000	1,07,99,900	10,79,99,000

Note:

On 5 May 2016, 500,000 Equity shares of Rs. 10 each fully paid up were issued at a premium of Rs. 15 per share.

## Notes forming part of the financial statements

### 3.2 Details of Shareholders holding more than 5% Shares in the Company

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of Shares	% Holding	Number of Shares	% Holding
<b>Equity shares of Rs. 10 each</b>				
D. Arulmany	45,00,000	29.41%	45,00,000	30.41%
P. Surendra Pai	22,50,000	14.71%	17,50,000	11.82%
Savita S. Pai	17,50,000	11.44%	17,50,000	11.82%
J. Prakash Rayen	15,00,000	9.80%	15,00,000	10.14%
V.G. Suchindran	12,50,000	8.17%	12,50,000	8.45%
Caspian Impact Investment Adviser Private Limited	12,00,000	7.84%	12,00,000	8.11%
<b>0.01 % Compulsory Convertible Preference Shares of Rs. 10 each</b>				
Sarva Capital LLC	1,07,99,900	100.00%	1,07,99,900	100.00%

### 3.3 Rights, preferences and restrictions attached to

#### A. Equity Shares

The Company has a single class of equity shares. Accordingly all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Dividends are paid in Indian Rupees. Dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders at the Annual General Meeting, except in the case of interim dividend.

In the even of liquidation of the Company the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### B. 0.01% Compulsory Convertible Preference Shares

0.01% Compulsory Convertible Preference Shares (CCPS) having a par value of Rs. 10 is convertible in the ratio of 1:1 and are treated pari-passu with equity shares on all voting rights. The conversion shall happen at the option of the preference shareholders. The CCPS if not converted by the preference shareholders shall be compulsorily converted into equity shares upon any of the following events:

- The date on which a new round of investment is made by a third party investor in the Company of not less than Rs. 30,00,00,000 (Rupees Three hundred million only);
- In connection with an IPO, immediately prior to the filing of an offer document (or equivalent document, by whatever name called) with the competent authority or such later date as may be permitted under applicable Law at the relevant time; and
- The date which is 19 (nineteen) years from the date of allotment of the Series A CCPS i.e., 17 March 2035.

Till conversion, the holders of CCPS shall be entitled to a dividend of 0.01%, if any, declared upon profits of the Company and a proportionate dividend, if any declared on equity shares on 'as converted' basis.

### 3 Employee Stock Option Scheme

On 8 January 2016, the shareholders of the Company have approved the Veritas Employees Stock Option Scheme (Veritas ESOS), 2016. Under the plan, the Company is authorized to issue upto 30,00,000 equity shares of Rs. 10 each to eligible employees. Employees covered by the plan are granted an option to purchase shares of the Company subject to certain vesting conditions. The plan will be administered by the 'Remuneration and Nomination Committee' constituted by the Board of Directors of the Company. (Refer note 31)

### 4 Preferential Offer to Promoter

The Company through its Investment Agreement dated 30 November 2015 has provided certain preferential rights to the Promoter of the Company, as detailed below:- The Promoter shall subscribe to 20,00,000 equity shares of the Company at a pre-determined price of Rs.25 per share within

30 months from 31 January 2016

- The Promoter shall have an option to subscribe to additional 40,00,000 equity shares of the Company at a pre-determined price of Rs.25 per share within 60 months from 31 January 2016.

As at 31 March 2017, there was no subscription received from the Promoter based on the aforesaid arrangement.

#### Note 4

##### Reserves and Surplus

Particulars	As at	
	31 March 2017	31 March 2016
<b>4.1 Securities premium account</b>		
At the commencement of the year / period	18,00,00,000	-
Add: Premium received on Shares issued during the year / period	75,00,000	18,00,00,000
Balance as at the end of the year / period	18,75,00,000	18,00,00,000
<b>4.2 Surplus/(deficit) in the Statement of profit and loss</b>		
At the commencement of the year / period	(1,92,33,919)	-
Add: Loss for the year / period	(2,83,56,922)	(1,92,33,919)
Balance as at the end of the year / period	(4,75,90,841)	(1,92,33,919)
	<b>13,99,09,159</b>	<b>16,07,66,081</b>

#### Note:

The transfer of 20% of profits is not applicable as there was no profit during the year

#### Note 5

##### Long-term borrowings

Particulars	Non-current portion		Current portion	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
<b>Term loans</b>				
- from bank (Secured)	1,17,64,706	-	70,58,823	-
- from others (Secured)	29,59,73,745	-	22,54,92,921	-
	<b>30,77,38,451</b>	<b>-</b>	<b>23,25,51,744</b>	<b>-</b>

## Notes forming part of the financial statements

### Note 5.1

#### Terms of repayment of term loans:

Term loan	Range of Rate of interest (%)	Tenure of the Loan	Amount outstanding as at 31 March 2017	Amount outstanding as at 31 March 2016
Term loans from bank	13.65	36 months	1,88,23,529	-
Term loans from others	13.50 to 15.00	24 to 36 months	52,14,66,666	-

5.2 All the above loans are secured by specific charge on receivable under financing activities. The Company needs to maintain a security cover ranging from 1 to 1.25 times of the outstanding loan amount at any point of time. Further, the Company has given cash collateral amounting to Rs. 97,00,000 for the loans taken.

5.3 Interest rates vary amongst the loans between fixed and floating rates and are payable on a monthly basis. The interest rates disclosed above represent the rates of interest as at 31 March 2017. The repayment of principal portion is either on a monthly or a quarterly basis.

5.4 During the year the Company has not defaulted in the repayment of dues to its lenders.

### Note 6

#### Provisions

Particulars	Non-current portion		Current portion	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
Contingent provision for standard assets	83,60,718	5,14,241	7,82,385	98,301
Provision for sub-standard assets	-	-	22,42,405	-
Provision for gratuity	5,54,136	92,282	3,108	-
Provision for compensated absences	4,93,419	-	3,29,064	-
	94,08,273	6,06,523	33,56,962	98,301

### Note 7

#### Short-term borrowings

Particulars	As at	As at
	31 March 2017	31 March 2016
<b>Loans repayable on demand</b>		
Cash credit from bank (Secured)	1,83,33,959	-
Term loans from others (Secured)	15,00,00,000	-
	16,83,33,959	-

**Note 7.1****Terms of repayment of term loans:**

Term loan	Range of Rate of interest (%)	Tenure of the Loan	Amount outstanding as at 31 March 2017	Amount outstanding as at 31 March 2016
Cash credit from bank	14.00	Repayable on demand	1,83,33,959	-
Term loan from others	13.50 to 14.50	6 to 12 months	15,00,00,000	-

7.2 All the above loans are secured by specific charge on receivable under financing activities. The Company needs to maintain a security cover ranging from 1 to 1.1 times of the outstanding loan amount at any point of time.

7.3 Interest rates are fixed for the loans and are payable on a monthly basis.

7.4 During the year the Company has not defaulted in the repayment of dues to its lenders.

**Note 8****Trade Payables**

Particulars	As at	As at
	31 March 2017	31 March 2016
Trade payables (note 30)		
- dues to micro and small enterprises	-	-
- other payables	9,25,297	2,36,613
	9,25,297	2,36,613

**Note 9****Other Current Liabilities**

Particulars	As at	As at
	31 March 2017	31 March 2016
Current maturities of long term borrowings		
- from banks (Refer note 5)	70,58,823	-
- from others (Refer note 5)	22,54,92,921	-
Interest accrued but not due on borrowings	8,79,851	-
Statutory dues payable	25,45,489	8,29,828
Dues to employees	12,17,889	-
Other liabilities	16,79,819	2,84,155
	23,88,74,792	11,13,983

## Notes forming part of the financial statements

### Note 10.1

#### Tangible Fixed Assets

Particulars	Lease hold improvements	Furniture and Fittings	Office Equipment	Computers and Accessories	Total
<b>Gross block</b>					
<b>Balance as at 30 April 2015</b>	-	-	-	-	-
Additions	8,80,509	13,46,032	1,23,380	17,27,262	40,77,183
Disposals	-	-	-	-	-
<b>Balance as at 31 March 2016</b>	<b>8,80,509</b>	<b>13,46,032</b>	<b>1,23,380</b>	<b>17,27,262</b>	<b>40,77,183</b>
Additions	25,21,030	60,07,690	14,86,343	41,94,855	1,42,09,918
Disposals	-	-	-	(73,106)	(73,106)
<b>Balance as at 31 March 2017</b>	<b>34,01,539</b>	<b>73,53,722</b>	<b>16,09,723</b>	<b>58,49,011</b>	<b>1,82,13,995</b>
<b>Accumulated depreciation</b>					
<b>Balance as at 30 April 2015</b>	-	-	-	-	-
Additions	96,371	96,880	7,177	1,86,695	3,87,123
On disposals	-	-	-	-	-
<b>Balance as at 31 March 2016</b>	<b>96,371</b>	<b>96,880</b>	<b>7,177</b>	<b>1,86,695</b>	<b>3,87,123</b>
Additions	13,46,584	8,48,986	3,42,802	12,83,604	38,21,976
On disposals	-	-	-	(13,102)	(13,102)
<b>Balance as at 31 March 2017</b>	<b>14,42,955</b>	<b>9,45,866</b>	<b>3,49,979</b>	<b>14,57,197</b>	<b>41,95,997</b>
<b>Net block</b>					
<b>As at 31 March 2016</b>	<b>7,84,138</b>	<b>12,49,152</b>	<b>1,16,203</b>	<b>15,40,567</b>	<b>36,90,060</b>
<b>As at 31 March 2017</b>	<b>19,58,584</b>	<b>64,07,856</b>	<b>12,59,744</b>	<b>43,91,814</b>	<b>1,40,17,998</b>

### Note 10.2

#### Intangible Fixed Assets

Particulars	Computer Softwares	Total
<b>Gross block</b>		
<b>Balance as at 30 April 2015</b>	-	-
Additions	4,45,947	4,45,947
Disposals	-	-
<b>Balance as at 31 March 2016</b>	<b>4,45,947</b>	<b>4,45,947</b>
Additions	37,36,913	37,36,913
Disposals	-	-
<b>Balance as at 31 March 2017</b>	<b>41,82,860</b>	<b>41,82,860</b>
<b>Accumulated amortization</b>		
<b>Balance as at 30 April 2015</b>	-	-
Additions	59,569	59,569
On disposals	-	-
<b>Balance as at 31 March 2016</b>	<b>59,569</b>	<b>59,569</b>
Additions	3,53,707	3,53,707
On disposals	-	-
<b>Balance as at 31 March 2017</b>	<b>4,13,276</b>	<b>4,13,276</b>
<b>Net block</b>		
<b>As at 31 March 2016</b>	<b>3,86,378</b>	<b>3,86,378</b>
<b>As at 31 March 2017</b>	<b>37,69,584</b>	<b>37,69,584</b>



**Note 10.3****Intangible Fixed Assets Under Development**

Particulars	Software under development	Total
<b>Balance as at 30 April 2015</b>	-	-
Additions	62,36,250	62,36,250
Capitalized during the year	-	-
<b>Balance as at 31 March 2016</b>	<b>62,36,250</b>	<b>62,36,250</b>
Additions	42,27,500	23,37,500
Capitalized during the year	(18,90,000)	-
<b>Balance as at 31 March 2017</b>	<b>85,73,750</b>	<b>85,73,750</b>

**Note 11****Deferred tax assets (net)**

Particulars	As at	As at
	31 March 2017	31 March 2016
Deferred tax liabilities (Refer note 11.1)		
Depreciation and amortization	4,26,990	-
	<b>4,26,990</b>	-
"Deferred tax assets (Refer note 11.1) (restricted to the extent of liabilities)"		
Provision for standard and sub-standard assets	4,26,990	-
Provision for employee benefits	-	-
Unabsorbed depreciation and carry forward business loss	-	-
	<b>4,26,990</b>	-
<b>Net deferred tax asset</b>	<b>-</b>	<b>-</b>

11.1 The Company has deferred tax assets primarily on account of provision for standard and sub-standard assets, provision for employee benefits and other items which has not been recognized in the financial statement in the absence of virtual certainty. Consequently, there are no deferred tax assets / liabilities as at 31 March 2017.

## Notes forming part of the financial statements

### Note 12

#### Receivables under financing activities

Particulars	Non-current portion*		Current portion	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
<b>Secured</b>				
- considered good	75,88,57,995	5,14,24,066	7,41,36,890	68,91,533
- others (Non-Performing Assets)	3,79,158	-	50,319	-
<b>Unsecured</b>				
- considered good	-	-	8,13,15,415	29,38,577
- others (Non-Performing Assets)	-	-	83,16,354	-
	<b>75,92,37,153</b>	<b>5,14,24,066</b>	<b>16,38,18,978</b>	<b>98,30,110</b>
Less : Advance instalments from borrowers	-	-	(1,67,94,981)	(1,47,525)
	<b>75,92,37,153</b>	<b>5,14,24,066</b>	<b>14,70,23,997</b>	<b>96,82,585</b>

\* Represents installments due after one year from the reporting date

### Note 13

#### Other loans and advances

Particulars	Long-term		Short-term	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
<b>Unsecured and considered good:</b>				
Security deposits	47,55,000	10,52,500	25,74,200	19,87,200
Advance income taxes	6,91,918	1,51,810	-	-
Prepaid expenses	-	-	7,76,932	11,292
Balances with government authorities	-	-	5,22,969	4,10,918
Advances to staff	-	-	66,793	-
Other advances	-	-	-	1,43,273
	<b>54,46,918</b>	<b>12,04,310</b>	<b>39,40,894</b>	<b>25,52,683</b>

**Note 14****Other non-current assets**

Particulars	As at	
	31 March 2017	31 March 2016
Fixed deposits under lien (Refer notes 5.2)	66,50,000	-
Interest accrued but not due	2,33,761	-
	<b>68,83,761</b>	<b>-</b>

**Note 15****Cash and bank balances**

Particulars	As at	
	31 March 2017	31 March 2016
Cash in hand	43,387	65
Balances with banks		
- In current accounts	16,42,99,115	8,15,61,391
- In deposits accounts free of lien	-	17,14,00,000
<b>Cash and cash equivalents</b>	<b>16,43,42,502</b>	<b>25,29,61,456</b>
Balances with banks		
- In deposits accounts (having original maturity more than 3 months)	-	8,97,00,000
- In deposits accounts under lien (Refer notes 5.2)	30,50,000	-
	<b>16,73,92,502</b>	<b>34,26,61,456</b>
<b>Details of bank balance and other deposits</b>		
Bank balances available on demand/ deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	16,42,99,115	8,15,61,391
Deposit due to mature within 12 months of reporting date included under "Other bank balances"	30,50,000	17,14,00,000
Deposits due to mature after 12 months of the reporting date included under "other non-current assets" (Refer note 14).	66,50,000	-
	<b>17,39,99,115</b>	<b>25,29,61,391</b>

## Notes forming part of the financial statements

### Note 16

#### Other current assets

Particulars	As at	
	31 March 2017	31 March 2016
Interest accrued but not due		
- on receivables under financing activities	1,29,63,746	7,01,770
- on fixed deposits	1,05,370	2,81,943
Interest accrued and due on receivables under financing activities	1,91,220	-
	<b>1,32,60,336</b>	<b>9,83,713</b>

### Note 17

#### Revenue from operations

Particulars	For the year ended	For the period from
	31 March 2017	30 April 2015 to 31 March 2016
Interest income from financing activities	8,70,19,305	17,12,952
Processing and other fees	2,28,12,279	13,73,719
Interest income on fixed deposits	70,28,831	15,18,098
	<b>11,68,60,415</b>	<b>46,04,769</b>

### Note 18

#### Other income

Particulars	For the year ended	For the period from
	31 March 2017	30 April 2015 to 31 March 2016
Gain on sale of current investments	98,35,377	25,91,692
Interest on income tax refund	6,825	-
	<b>98,42,202</b>	<b>25,91,692</b>

**Note 19****Employee benefits expense**

Particulars	For the year ended 31 March 2017	For the period from 30 April 2015 to 31 March 2016
Salaries, wages and bonus	6,41,28,080	1,41,33,192
Contribution to provident and other funds	93,46,673	14,37,125
Expenses related to post-employment defined benefit plans (Refer note 24.2)	4,64,962	92,282
Expenses related to compensated absences	8,96,352	-
Staff welfare expenses	43,45,500	2,00,464
	<b>7,91,81,567</b>	<b>1,58,63,063</b>

**Note 20****Finance costs**

Particulars	For the year ended 31 March 2017	For the period from 30 April 2015 to 31 March 2016
Interest expenses on		
- Term loan	2,79,09,461	-
- Cash credits	48,844	-
Processing fees	50,74,725	-
	<b>3,30,33,030</b>	<b>-</b>

**Note 21****Depreciation and amortization**

Particulars	For the year ended 31 March 2017	For the period from 30 April 2015 to 31 March 2016
Depreciation of tangible fixed assets (refer note 10.1)	38,21,976	3,87,123
Amortization of intangible fixed assets (refer note 10.2)	3,53,707	59,569
	<b>41,75,683</b>	<b>4,46,692</b>

## Notes forming part of the financial statements

### Note 22

#### Other expenses

Particulars	For the year ended 31 March 2017	For the period from 30 April 2015 to 31 March 2016
Rent (Refer note 27)	71,87,412	22,31,099
Electricity charges	7,54,673	3,10,890
Rates and taxes	30,65,045	21,31,024
Insurance	56,771	248
Software & IT consumables	5,07,272	91,949
Repairs and maintenance and others	20,50,674	3,51,641
Bank charges	1,29,591	2,232
Travelling and conveyance	46,56,533	7,05,589
Communication expenses	22,69,760	1,96,454
Printing and stationery	18,72,913	4,80,601
Advertisement and business promotion	7,97,047	4,62,523
Legal and professional charges	32,97,682	5,02,616
Independent directors sitting fees	7,50,000	2,70,000
Auditors' remuneration (net of Service Tax, refer note 22.1)	4,56,124	1,00,000
Loss on sale of fixed assets	38,005	-
Preliminary expenses written-off	-	16,71,217
	<b>2,78,89,502</b>	<b>95,08,083</b>

### Note 22.1

#### Payment to auditors

Particulars	For the year ended 31 March 2017	For the period from 30 April 2015 to 31 March 2016
Statutory audit	3,50,000	75,000
Other services	1,00,000	25,000
Reimbursement of expenses	6,124	-
	<b>4,56,124</b>	<b>1,00,000</b>

### Note 23

#### Provisions and loan losses

Particulars	For the year ended 31 March 2017	For the period from 30 April 2015 to 31 March 2016
Contingent provision for standard assets	85,30,561	6,12,542
Provision for Non-Performing Assets	22,42,405	-
Loss assets written off	6,791	-
	<b>1,07,79,757</b>	<b>6,12,542</b>

**NOTE 24****Employee Benefits****24.1 Defined Contribution Plan**

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognized as an expense towards contribution to Provident fund for the year aggregated to Rs. 79,24,884 (Previous period - Rs. 13,77,272)

**24.2 Defined Benefit Plans**

The Company operates post-employment defined benefit plan that provides gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement/exit.

	As at 31 March 2017	As at 31 March 2016
<b>Change in defined benefit obligations during the year</b>		
Present value of defined benefit obligation at beginning of the year	92,282	-
Current service cost	4,39,732	92,282
Interest cost	7,198	-
Benefits paid	-	-
Actuarial (Gains)	18,032	-
<b>Present value of defined benefit obligation at end of the year</b>	<b>5,57,244</b>	<b>92,282</b>
<b>Change in fair value of assets during the year</b>		
Plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Actual Company contributions	-	-
Actuarial loss	-	-
<b>Plan assets at end of the year</b>	<b>-</b>	<b>-</b>
<b>Liability recognized in the Balance Sheet</b>		
Present value of defined benefit obligation	5,57,244	92,282
Fair value of plan assets	-	-
<b>Net liability recognized in the Balance Sheet</b>	<b>5,57,244</b>	<b>92,282</b>

## Notes forming part of the financial statements

Particulars	For the year ended 31 March 2017	For the period from 30 April 2015 to 31 March 2016
Cost of defined benefit plan for the year		
Current service cost	4,39,732	92,282
Interest cost	7,198	-
Expected return on plan assets	-	-
Net actuarial gains	18,032	-
Net cost recognized in the Statement of Profit and Loss	4,64,962	92,282

Particulars	As at	As at
	31 March 2017	31 March 2016
<b>Return on plan assets</b>		
Assumptions		
Discount rate (Refer note (b))	6.77%	7.80%
Interest rate (Rate of return on assets)	NA	NA
Future salary increase (Refer note (a))	8.00%	8.00%
Mortality table	Indian Assured Lives (2006 -08)	Indian Assured Lives (2006 -08)
Attrition rate (Refer note (a))	20.00%	20.00%

Notes:

- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors. Further, the Management revisits the assumptions such as attrition rate, salary escalation etc., taking into account, the business conditions, various external/internal factors affecting the Company.
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
- Experience Adjustments:

Particulars	As at	As at
	31 March 2017	31 March 2016
Projected benefit obligation	-	-
Fair value of plan assets	-	-
Surplus/(deficit)	-	-
Experience adjustments on plan liabilities - gains	(18,032)	-
Experience adjustments on plan assets - loss	-	-



**NOTE 25****Related Party Transactions****25.1 Names of Related Parties and Nature of Relationship**

Key Management Personnel	Mr. D. Arulmany, Managing Director & Chief Executive Officer
	Mr. J. Prakash Rayen, Chief Operating Officer
	Mr. V.G. Suchindran, Chief Financial Officer
	Ms. Priyanka I Misser, Company Secretary (effective 1 October 2016)
Relatives of Key Management Personnel	Ms. Vidya Arulmany (Spouse of Mr. D. Arulmany)
	Ms. Sylvia Prakash (Spouse of Mr. J. Prakash Rayen)
	Ms. R. Lavanya (Spouse of Mr. V.G. Suchindran)

**Note:** Related party relationships are as identified by the Management.

**NOTE 25.2****Transactions with the related parties**

Particulars	For the year ended 31 March 2017	For the period from 30 April 2015 to 31 March 2016
Remuneration to Key Managerial Persons		
Mr. D. Arulmany	48,00,000	28,29,600
Mr. J. Prakash Rayen	37,44,000	18,86,400
Mr. V.G. Suchindran	37,44,000	20,96,000
Ms. Priyanka I Misser	3,85,006	-
<b>Note:</b>		
As the future liabilities of gratuity and compensated absences are provided on actuarial basis for the company as a whole, the amounts pertaining to key management personnel is not separately ascertainable and therefore not included above.		
Equity shares issued during the year / period		
Mr. D. Arulmany	-	4,50,00,000
Mr. J. Prakash Rayen	-	1,50,00,000
Ms. Vidya Arulmany	-	50,00,000
Ms. Sylvia Prakash	-	50,00,000
Mr. V.G. Suchindran	-	1,25,00,000
Ms. R. Lavanya	-	25,00,000
Promoter rights for purchase of shares during the year/ period		
Mr. D. Arulmany (In number of shares)	-	60,00,000
Employee stock options granted during the year		
Mr. J. Prakash Rayen, (In number of options)	-	15,00,000
Mr. V.G. Suchindran, (In number of options)	-	5,00,000

## Notes forming part of the financial statements

### NOTE 26

#### Segment reporting

The Company is primarily engaged in the business of providing "Small Business Finance Loans" in India. All the activities of the Company revolve around the main business. As such there are no separate business and geographic reportable segments as per AS-17 "Segment reporting".

### NOTE 27

#### Operating leases

The Company has operating lease agreements primarily for office space, the lease terms of which are for a period of 2 years to 3 years. For the period ended 31 March 2017, an amount of Rs. 71,87,412 was recorded as expenses towards lease rentals and other charges for the office space including the provision for lease straight lining. The future minimum lease payments under operating leases are as follows:

Particulars	As at	As at
	31 March 2017	31 March 2016
Less than one year	16,95,950	38,73,120
Two years to five years	73,66,230	26,69,340
Later than five years	1,03,46,524	-

### Note 28

#### Earnings per share

Particulars	As at	As at
	31 March 2017	31 March 2016
Loss for the year/ period - in Rs.	(2,83,56,922)	(1,92,33,919)
Weighted average number of equity shares outstanding during the year for calculation of basic EPS	1,52,53,525	66,34,430
Weighted average number of equity shares outstanding during the year for calculation of diluted EPS (Refer note 28.1)	1,52,53,525	66,34,430
Face value per share - in Rs.	10.00	10.00
Earnings per share (Basic) - in Rs.		
- Basic - in Rs.	(1.86)	(2.90)
- Diluted - in Rs.	(1.86)	(2.90)

#### Note :

28.1 The outstanding potential equity shares as at 31 March 2017 are anti-dilutive in nature since the Company has incurred losses during the year. Hence, the weighted average number of equity shares used for Basic EPS and Diluted EPS are the same.

**Note 29****Contingent liabilities and commitments**

Particulars	As at	As at
	31 March 2017	31 March 2016
<b>Commitments:</b>		
29.1 Estimated amount of contracts remaining to be executed on capital account and not provided	5,70,000	24,50,000
29.2 Undrawn committed sanctions to borrowers	88,55,000	11,50,000

**Note 30****Micro and small enterprises**

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2017 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	As at	As at
	31 March 2017	31 March 2016
The amounts remaining unpaid to micro and small suppliers as at end of the year		
- Principal	-	-
- Interest	-	-
The amount of interest paid by the buyer as per the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amount of payments made to the micro and small suppliers beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

## Notes forming part of the financial statements

### Note 31

#### Employee Stock Option Scheme

The Company has issued stock options on its own shares to specified employees of the Company. The Company uses intrinsic value to account for the compensation cost of stock options to employees in the financial statements. However, the Company discloses the impact of compensation costs relating to stock options on the net results for the accounting period using the fair value method.

### Note 31.1

#### Veritas ESOS, 2016

The Veritas ESOS, 2016 is applicable to all employees.

The Options were issued in three batches. The first batch will be exercised at Rs. 10, second batch and third batch will be exercised at Rs. 20. The vesting period of options are one year for 30% of the options, 2 years for 35% of the options and 3 years for the balance 35% of the options for all the three batches.

### Note 31.2

#### Options issued under Veritas ESOS, 2016

As at 31 March 2017, the outstanding options under the Veritas ESOS, 2016 are as follows:

Plan	Grant date	"Number of options"	Exercise price	Vesting period	Vesting condition
Batch 1	18-Jan-16	26,00,000	10.00	1 to 3 years	Time and performance based vesting
Batch 2	10-Nov-16	3,00,000	20.00	1 to 3 years	Time and performance based vesting
Batch 3	20-Mar-17	1,00,000	20.00	1 to 3 years	Time and performance based vesting
		<b>30,00,000</b>			

As at 31 March 2016, the outstanding options under the Veritas ESOS, 2016 are as follows:

Plan	Grant date	"Number of options"	Exercise price	Vesting period	Vesting condition
Batch 1	18-Jan-16	26,00,000	10.00	1 to 3 years	Time and performance based vesting
		<b>26,00,000</b>			

**Note 31.3****Reconciliation of outstanding options**

The details of options granted under the above schemes are as follows.

Particulars	As at 31 March 2017		As at 31 March 2016	
	Exercise price	Number of options	Exercise price	Number of options
Outstanding at beginning of year / period	10.00	26,00,000	-	-
Forfeited during the year / period	-	-	-	-
Exercised during the year / period	-	-	-	-
Granted during the year / period	20.00	4,00,000	10.00	26,00,000
<b>Outstanding as at end of year / period</b>		<b>30,00,000</b>		<b>26,00,000</b>
<b>Exercisable as at end of year / period</b>		<b>7,80,000</b>		-

**NOTE 31.4****Fair value Methodology**

The fair value of options used to compute pro forma net income and earnings per equity share have been estimated on the dates of each grant using the Black Scholes model. The various assumptions considered in the pricing model for the stock options granted by the Company are as follows:

Particulars	As at	As at
	31 March 2017	31 March 2016
Fair value of options at grant date	2.48 to 5.39	2.48 to 3.82
Expected volatility	37% to 42%	40% to 42%
Option term	2 to 4 years	2 to 4 years
Expected dividends	0%	0%
Risk free interest rate	6.14% to 7.29%	7.06% to 7.29%

## Notes forming part of the financial statements

### NOTE 31.5

#### Impact of fair value method on net profit and EPS

Had compensation cost for the Company's stock option plans outstanding been determined based on the fair value approach, the Company's net profit and earnings per share would have been as per the proforma amounts indicated below:

Particulars	For the year ended 31 March 2017	For the period from 30 April 2015 to 31 March 2016
Loss for the year / period	(2,83,56,922)	(1,92,33,919)
Stock based compensation expenses determined under fair value based method	44,37,830	9,11,038
Loss for the year / period (pro forma)	(3,27,94,752)	(2,01,44,957)
Earnings Per Share (Basic) - in Rs.		
- Basic - in Rs. (reported)	(1.86)	(2.90)
- Basic - in Rs. (pro forma)	(2.15)	(3.04)
- Diluted - in Rs. (reported) (refer note below)	(1.86)	(2.90)
- Diluted - in Rs. (pro forma) (refer note below)	(2.15)	(3.04)

Note :

The outstanding potential equity shares as at 31 March 2017 and 31 March 2016 are anti-dilutive in nature since the Company has incurred losses during the year / period. Hence, the weighted average number of equity shares used for Basic EPS and Diluted EPS are the same.

### NOTE 32

#### Securitization transactions

The Company has not entered into any securitization transaction during the year ended 31 March 2017 and period ended 31 March 2016. Accordingly, the disclosure requirements relating to the same are not applicable.

### NOTE 33

#### Gold loan portfolio

The Company has not provided loan against gold during the year ended 31 March 2017 and period ended 31 March 2016.

**Note 34****Movement of NPA**

Particulars	As at	As at
	31 March 2017	31 March 2016
<b>(a) Net NPAs to net advance (%)</b>	<b>0.71%</b>	<b>0.00%</b>
<b>(b) Movement in NPA (Gross)</b>		
Opening balance	-	-
Additions during the year	87,52,622	-
Reduction / write off during the year	6,791	-
<b>Closing balance</b>	<b>87,45,831</b>	<b>-</b>
<b>(c) Movement in net NPA (Net of provision for NPA)</b>		
Opening balance	-	-
Additions during the year	65,10,217	-
Reduction / write off during the year	6,791	-
<b>Closing balance</b>	<b>65,03,426</b>	<b>-</b>
<b>(d) Movement in provision for NPA (excluding the Contingent provisions against standard assets)</b>		
Opening balance	-	-
Additions during the year	22,42,405	-
Reduction / write off during the year	-	-
<b>Closing balance</b>	<b>22,42,405</b>	<b>-</b>

**Note 35****Contingent provisions against standard assets movement**

Particulars	As at	As at
	31 March 2017	31 March 2016
Opening balance	6,12,542	-
Add : Charge for the year / period	85,30,561	6,12,542
Less : Applied during the year / period	-	-
<b>Closing balance</b>	<b>91,43,103</b>	<b>6,12,542</b>

## Notes forming part of the financial statements

### NOTE 36

Disclosure Pursuant to Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

The Company is an NBFC Non-Systemically Important Non-Deposit taking Company. However the following disclosures has been made in the financial statements voluntarily.

#### Note 36.1

##### Capital adequacy ratio

Particulars	As at	As at
	31 March 2017	31 March 2016
Tier I Capital	38,77,88,893	41,01,32,161
Tier II Capital	91,43,103	6,12,542
<b>Total Capital</b>	<b>39,69,31,996</b>	<b>41,07,44,703</b>
<b>Total Risk Assets</b>	<b>94,16,45,796</b>	<b>6,90,92,372</b>
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	41.18%	593.60%
Tier II Capital as a percentage of Total Risk Assets (%)	0.97%	0.89%
<b>Total Capital (%)</b>	<b>42.15%</b>	<b>594.49%</b>

#### Note 36.2

##### Exposure to real estate sector

The Company does not have any direct or indirect exposure to the real estate sector other than properties mortgaged as collateral by its customers

	-	-
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#### Note 36.3

##### Provisions and contingencies (Break up of 'Provisions and contingencies' shown under the head expenditure)

Provision for depreciation on investment	-	-
Provision for non-performing assets	22,42,405	-
Contingent provisions against standard assets	85,30,561	6,12,542
Provision made towards income tax	-	-

#### Note 36.4

##### Concentration of advances

Total advances to twenty largest borrowers	1,43,69,569	1,65,39,735
Percentage of Advances to twenty largest borrowers to total Advances	1.56%	27.00%



**Note 36.5****Concentration of exposures**

Particulars	As at	As at
	31 March 2017	31 March 2016
Total advances to twenty largest borrowers	1,43,69,569	1,65,39,735
Percentage of Advances to twenty largest borrowers to total Advances	1.56%	27.00%

**Note 36.6****Concentration of NPAs**

Total Exposure to top four NPA accounts	5,53,649	-
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**Note 36.7****Sector-wise NPAs (Percentage of NPAs to total advances in that sector)**

Agriculture & allied activities	-	-
MSME	-	-
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	-	-
Auto loans	-	-
Other loans	-	-
- Secured	0.05%	-
- Unsecured	9.28%	-

**Note 36.8****Ratings assigned by credit rating agencies :**

The Company has not obtained credit rating from any credit rating agencies.

**Note 36.9****Registration / license / authorization obtained from financial sector regulators**

Registration / License	Authority issuing the registration / license	Registration / License reference
Certificate of Registration	Reserve Bank of India	N-07.00810 dated 15 October 2015

**Note 36.10****Disclosures**

The Company does not have any items / transactions that requires disclosure under Investments, Derivatives, Purchase or sale of non-performing financial assets, Exposure to capital market, Financing of parent company products, Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the applicable NBFC, Registration obtained from other financial sector regulators, Penalties imposed by RBI and other regulators, Draw down from Reserves, Concentration of deposits, Overseas assets, Off-balance sheet SPVs sponsored.

## Notes forming part of the financial statements

### Note 36.11

#### Asset Liability Management

##### (a) Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2017:

Particulars	1 day to 30-31 days (One month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
<b>Liabilities</b>									
Borrowings from Banks	5,88,235	5,88,235	5,88,235	17,64,705	2,18,63,372	1,17,64,706	-	-	3,71,57,488
Borrowings from Other Parties	87,44,999	88,26,174	3,60,06,245	17,14,56,309	15,04,59,194	29,59,73,745	-	-	67,14,66,666
Market Borrowings	-	-	-	-	-	-	-	-	-
<b>Assets</b>									
Advances (Mortgage backed Loans)	91,02,703	93,00,844	94,91,171	2,96,55,068	6,50,02,952	34,54,19,033	36,04,51,018	50,01,573	83,34,24,362
Advances (Working Capital Loans)	3,07,91,800	2,52,39,095	2,03,53,965	1,32,46,909	-	-	-	-	8,96,31,769
Investments	-	-	-	-	-	-	-	-	-

##### (b) Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2016:

Particulars	1 day to 30-31 days (One month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
<b>Liabilities</b>									
Borrowings from Banks	-	-	-	-	-	-	-	-	-
Borrowings from Other Parties	-	-	-	-	-	-	-	-	-
Market Borrowings	-	-	-	-	-	-	-	-	-
<b>Assets</b>									
Advances (Mortgage backed Loans)	3,41,847	3,47,588	5,66,521	17,68,331	38,67,246	3,36,68,571	1,62,89,034	14,66,461	5,83,15,599
Advances (Working Capital Loans)	8,25,776	8,49,489	8,60,533	4,02,779	-	-	-	-	29,38,577
Investments	-	-	-	-	-	-	-	-	-

**NOTE 36.12**

Disclosure Pursuant to paragraph 18 of Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:

The Company is an NBFC Non-Systemically Important Non-Deposit taking Company. However the following disclosures has been made in the financial statements voluntarily.

Particulars	As at 31 March 2017		As at 31 March 2016	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
<b>Liabilities side:</b>				
<b>1 Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:</b>				
(a) Debentures				
- Secured	-	-	-	-
- Unsecured	-	-	-	-
(other than falling within the meaning of public deposits)			-	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	69,11,70,046	-	-	-
(d) Inter-Corporate Loans and Borrowings	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits	-	-	-	-
(g) Other Loans (Cash credits)	1,83,33,959	-	-	-
<b>2 Break-up of (1)(f)above (outstanding public deposits inclusive of interest accrued thereon but not paid)</b>				
(a) In the form of Unsecured debentures	-	-	-	-
(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	-	-	-	-
© Other public deposits	-	-	-	-

## Notes forming part of the financial statements

Particulars	As at	
	31 March 2017	31 March 2016
<b>Assets side:</b>		
<b>3 Break-up of Loans and Advances including Bills Receivables [other than those included in (4) below] : (excluding interest accrued but not due)</b>		
(a) Secured (Refer note 12)	83,34,24,362	5,83,15,599
(b) Unsecured (Refer note 12)	8,96,31,769	29,38,577
<b>4 Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities</b>		
(i) Lease Assets including Lease Rentals Accrued and Due:		
(a) Financial Lease	-	-
(b) Operating Lease	-	-
(ii) Stock on Hire including Hire Charges under Sundry Debtors:		
(a) Assets on Hire	-	-
(b) Repossessed Assets	-	-
(iii) Other Loans counting towards AFC Activities		
(a) Loans where Assets have been Repossessed	-	-

Particulars	As at	
	31 March 2017	31 March 2016
<b>5 Break-up of Investments</b>		
<b>Current Investments</b>		
<b>1 Quoted:</b>		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
<b>2 Unquoted:</b>		
(I) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
<b>Long Term Investments</b>		
<b>1 Quoted:</b>		
(I) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
<b>2 Unquoted:</b>		
(I) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-

## Notes forming part of the financial statements

### 6 Borrower Group-wise Classification of Assets Financed as in (3) and (4) above

Category	As at 31 March 2017 (Net of Provisions)		As at 31 March 2016 (Net of Provisions)	
	Secured	Unsecured	Secured	Unsecured
1 Related Parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same Group	-	-	-	-
(c) Other Related Parties	-	-	-	-
2 Other than Related Parties	83,33,81,414	8,74,32,312	5,83,15,599	29,38,577
<b>Total</b>	<b>83,33,81,414</b>	<b>8,74,32,312</b>	<b>5,83,15,599</b>	<b>29,38,577</b>

### 7 Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted):

Category	Market Value / Break up Value or Fair Value or Net Asset Value as on 31 March 2017	Book Value as on 31 March 2017 (Net of provisions)	Market Value / Break up Value or Fair Value or Net Asset Value as on 31 March 2016	Book Value as on 31 March 2016 (Net of provisions)
	1 Related Parties	-	-	-
(a) Subsidiaries	-	-	-	-
(b) Companies in the Same Group	-	-	-	-
(c) Other Related Parties	-	-	-	-
2 Other than Related Parties	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 8 Other Information

Particulars	As at 31 March 2017		As at 31 March 2016	
	Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(I) Gross Non-Performing Assets	-	87,45,831	-	-
(ii) Net Non-Performing Assets	-	65,03,426	-	-
(iii) Assets Acquired in Satisfaction of Debt	-	-	-	-

**Note 36.13****Customer Complaints**

No. of Complaints as on 31 Mar 2016	Received during the period	Redressed during the period	Pending as at 31 March 2017
-	1	-	1

**NOTE 37****Corporate Social Responsibility**

The Company has not made profits during the year and hence no expenditure towards Corporate Social Responsibility was made for the year ended 31 March 2017.

**NOTE 38****Statutory Reserve**

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the net profit after tax of the Company every year. Given that the Company is not yet made profits, no transfer to Statutory Reserve was made for the year ended 31 March 2017.

**NOTE 39****Disclosure of specified bank notes**

During the year, the Company has specified bank notes or other denomination note as defined in the MCA Notification G.S.R 308(E) dated 31 March 2017 on the details of specified bank notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016. The denomination wise SBN and other notes as per the notification are given below:

Particulars	SBNs	Other denomination Notes	Total
Closing cash in hand as on 8 November 2016	5,05,500	2,48,680	7,54,180
Add: Permitted receipts	6,69,500	3,43,30,841	3,50,00,341
Less: Permitted payments	-	-	-
Less: Amount deposited in banks (net of withdrawal)	11,75,000	3,34,38,155	3,46,13,155
<b>Closing cash in hand as on 30 December 2016</b>	<b>-</b>	<b>11,41,366</b>	<b>11,41,366</b>

For the purpose of this clause, the term specified bank note shall have the same meaning provided in the notification of the Government of India, the Ministry of Finance - Department of Economic Affairs No. S.O.3407 (E), dated 8 November 2016.

## Notes forming part of the financial statements

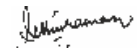
### NOTE 40

#### Prior period comparatives

The financial statement for the previous period is from 30 April 2015 (Date of incorporation) to 31 March 2016 whereas the current year financial statements are for the year commencing from 1 April 2016 to 31 March 2017. Hence the financial statements are not comparable with that of the previous period. Previous period figures have been reclassified / regrouped wherever necessary.

Previous year figures has been audited by a firm other than B S R & Co LLP.

As per our report of even date attached  
for B S R & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No. 101248W/W-100022



**S Sethuraman**

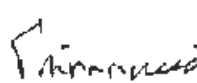
Partner

(Membership No. 203491)

Date: April 29, 2017

Place: Chennai

For and on behalf of the Board of Directors



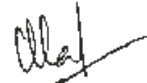
**M. Sivaraman**

Director



**N. Mohanraj**

Director



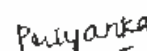
**D. Arulmany**

Managing Director  
& CEO



**V. G. Suchindran**

Chief Financial Officer



**Priyanka I Misser**

Company Secretary



**Notes**

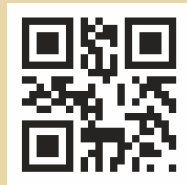
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TEAM VERITAS



## Veritas Finance Private Limited

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